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Canada	100.00	100.00	100.00
Denmark	100.00	100.00	100.00
France	100.00	100.00	100.00
Germany	100.00	100.00	100.00
Italy	100.00	100.00	100.00
Japan	100.00	100.00	100.00
Netherlands	100.00	100.00	100.00
Portugal	100.00	100.00	100.00
Spain	100.00	100.00	100.00
Sweden	100.00	100.00	100.00
Switzerland	100.00	100.00	100.00
UK	100.00	100.00	100.00
USA	100.00	100.00	100.00

FINANCIAL TIMES

TUNISIA

Preparing for an Islamic challenge

Page 7

No.30,806

Friday March 31 1989

D 8523A

World News

Bush urges Moscow to mediate in Nicaragua

US President George Bush urged Soviet leader Mikhail Gorbachev to become involved in efforts to reach a peaceful settlement in Nicaragua. President Bush "would like to see the Soviet Union use its influence in Nicaragua to bring about a peaceful settlement to that situation," according to White House spokesman Martin Fitzwater. Page 20

Land Day protest

Israeli troops shot dead three Palestinians and at least 33 were wounded in the occupied West Bank and Gaza strip as Arabs on both sides of Israel's pre-1967 borders marked Land Day. Page 20

Shipyards down raid

Nine thousand South Korean riot police conducted a dawn raid on strikers at the shipyard owned by Hyundai Heavy Industries to end a three-month stoppage. Page 6

Guatemala siege

Four-day siege at the maximum security El Paron jail in Guatemala ended when prisoners and government officials reached a compromise on demands made by inmates. Page 3

Belgian security net

Belgian police stepped up security around prominent members of the country's Moslem community after the shooting of two moderate Islamic clerics in an incident which may be connected to the "Satanic Verses" controversy. Page 3

EC Cyprus move

Cyprus may follow on the heels of Austria and Malta in applying for full membership of the EC. Page 3

Iran-Moscow talks

Dr Ali Akbar Velayati, Iranian Foreign Minister, flew to Moscow to try to strengthen ties with the Soviet Union. Page 7

Ankara Cabinet

Turkey's new Cabinet was expected to be announced amid speculation over whether Mr Turgut Ozal, Prime Minister, will call an early general election following local election defeats. Page 2

Solidarity talks

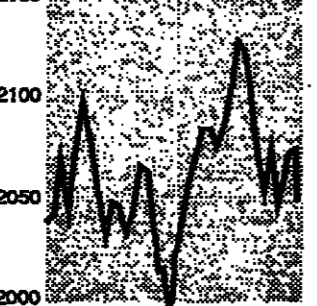
Solidarity, banned Polish trade union, had still not agreed basic issues in talks with the Government on Poland's future and had doubts that negotiations would end as planned on April 5, according to Adam Michnik, a senior adviser. Page 2

Business Summary

Profits at Deutsche Bank climb to DM3.1bn

GROUP partial operating profits at Deutsche Bank, West Germany's biggest bank, climbed 11.7 per cent to DM3.1bn (\$1.687bn) last year in a market recovery from the depressed level posted after the 1987 stockmarket crash. Announcing the results, third best in the bank's history, Mr Alfred Herrhausen, its speaker (chief executive) defended the decision not to raise the dividend from DM12 a share. "We don't think we've reached a level which gives occasion to raise the dividend yet". Page 21

FT-SE 100 index was down 22.3 points at 2049.4, just 1.6 points above its lowest level, after share prices closed sharply lower after a steep drop in the FT-SE 100 index



PARIBAS, French investment banking group, announced a 54 per cent rise in net profits last year to FF2.65bn (\$418m), recovering strongly after 1987's stagnant earnings in the wake of the October stock market crash. Page 22

DAWN raid on Addison Consultancy by Motif Action, French market research company, exposed wide rift within the board of the UK design, public relations and market research group. Page 21

CFM International, joint venture of General Electric of the US and the French manufacturer SNECMA, announced that it has negotiated a \$1bn contract to supply USAir with as many as 250 CFM56-3 model jet engines. Page 4

FERRANTI, UK defence electronics group, is to shed 700 jobs at its Wythenshawe plant in northern England in a reorganisation of the company's computer systems group. Page 10

SAINT-GOBAIN, French glass and building materials group, said it is talking with Credit Lyonnais about acquiring the bank's 46 per cent interest in Sisa, Italian packaging materials concern. Page 22

STENA, Swedish ferry and group company which is currently considering a bid for the Bermuda-based Sea Containers corporation, announced further acquisition plans saying it wants to buy Stoomvaart Maatschappij Zeeland, Dutch ferry company, for about SKr350m (\$54.8m). Page 22

PORSCHER, West German luxury sports car maker, said that profits picked up in the first half of its current financial year, although sales were down considerably. Page 22

GOLDMAN Sachs, US securities house, announced that a group of seven insurance companies had made a \$225m fixed return equity investment in the company, representing about 11 per cent of partners' capital. Page 24

FLETCHER CHALLENGE, New Zealand forest products and industrial group which has a large presence in British Columbia, is looking to expand its North American operations into eastern Canada or the US. Page 23

UK blocks leaked report on Fayed bid for Harrods

By David Waller in London

THE BRITISH Government yesterday blocked publication of a leaked copy of the Department of Trade report into the Egyptian Fayed brothers' takeover of the House of Fraser stores group in 1988. In the latest extraordinary twist to the 12-year battle for Loro, the multinational headed by Mr "Tiny" Rowland, for control of House of Fraser, the DTI obtained an injunction preventing Loro from publishing or disclosing or distributing copies of the report or any extracts. The injunction was aimed at a special midweek edition of the Loro-owned Observer Sunday newspaper. The 16-page issue contained a series of extracts from the report by two DTI inspectors. Last night, Lord Young, Trade and Industry Secretary, demanded that Loro pass to him all copies of the report in its hands or those of the Observer. The report into the circumstances of the Fayed's takeover of House of Fraser, commissioned by the DTI in April 1987 after a long campaign by Loro, was handed to Lord Young in last July. He has subsequently ruled that the report cannot yet be published. Loro, which first attempted a bid for House of Fraser in 1979, has gone to the courts to obtain publication and a reference of the Fayed's takeover to the UK Monopolies and Mergers Commission. The fact that Loro had obtained a copy emerged at Loro's annual meeting in London yesterday. Sir Edward du Cann, chairman, told shareholders that his company had recently received "unsolicited and anonymously" a copy of the report. He described it as being more than 750 pages long, containing 26 chapters and 8 appendices. It contained a "most careful analysis of the Fayed's background, their commercial history, their sources of funds, their claims and their assertions". Saying the report contained absolutely no criticism of Loro, he proceeded to detail some of the inspectors' conclusions and demanded that the Fayed be expelled from Britain. He also urged that the Royal Warrants for Harrods, the flagship store of the House of Fraser group, be removed at once. Continued on Page 20



On the attack: Tiny Rowland at Loro's AGM yesterday

Exxon to cut US west coast deliveries after Alaskan oil spillage

By James Buchan in New York and Peter Riddell in Washington

EXXON, the US oil company which operates the stricken tanker that ran aground off the coast of Alaska on Friday, is to cut deliveries of crude oil to its main customers on the US west coast next month. The oil slick left by the Valdez continues to spread, but yesterday the US Government declined to intervene in the clean-up operation. Exxon, which lifts about 18 per cent or about 350,000 barrels a day of the crude oil that passes down Alaska's North Slope to Valdez, said it had told six west coast refineries that it would be reducing deliveries of Alaska crude by 15-20 per cent in April. British Petroleum, the largest importer of Alaskan crude oil, said that it was still hoping to maintain deliveries despite the five-day closure of the Valdez oil terminal in response to the accident. The company invoked force majeure as a reason for breaking its supply contracts. But BP America, which lifts fully 45 per cent of the pipeline's 2m b/d capacity, said it had not imposed force majeure and it was still evaluating its stock positions and loading rates. As the giant oil slick continued to spread south and west from the disabled Exxon Valdez aground in Prince William Sound, Exxon said it hoped to have all the remaining crude out of the vessel by the weekend. Mr Les Rogers, a spokesman for Exxon's shipping subsidiary, said: "We hope to have the lighterage completed by Friday". The company is then expected to try and patch the Valdez and tow it away. But already some 240,000 barrels of crude oil have spread over Prince William Sound, the site of a commercial fishery valued at as much as \$100m a year. The coast guard said that helicopter flights on Wednesday had revealed patches of oil as far as 50 miles from the wreck. Exxon, which was operating 10 skimmers to remove oil from the surface on Wednesday, has admitted that it had lost control of the slick. "It has spread to such a large area," Mr Rogers said. Attempts to burn the heavily waterlogged oil appear to have been unsuccessful, the coast guard said. But President George Bush said that the US Federal Government would not take over the clean-up of the Alaskan oil spill. Mr Bush made his decision after meeting senior officials who had visited the site of one of the worst environmental disasters in the country's history. Following a White House meeting, Mr Samuel Skinner, US Transportation Secretary, expressed satisfaction with what was now being done to deal with the spilling of 10 million gallons of oil from the grounded tanker. He said that he and other senior officials were now satisfied that "after a somewhat slow start, the effort is going at full speed". He believed that Exxon was doing all it could to address the problem, adding that the state authorities in Alaska and the Federal Government were working well together. Oil ministers' conference, Page 38

Task force to probe Nigerian oil fraud

By Richard Donkin in London

AN INTERNATIONAL investigation has been launched to stamp out an escalating Nigerian oil fraud which is netting millions of dollars from unsuspecting dealers and disrupting trade for the multinational oil companies. The International Maritime Bureau, established by the International Chamber of Commerce to investigate maritime fraud, has set up a task force to co-ordinate the investigation in response to an "alarming increase" in the fraud involving oil cargoes emanating from the Nigerian port of Bonni. The companies, though not direct victims of the fraud, are concerned because details of their ships and cargoes are being used to perpetrate the crimes so that consignments often can be impounded in ports for days until ownership is settled. The fraud takes advantage of the documentation system used in oil sale transactions and an established payment method for international trade using bank-held letters of credit. The fraudsters send out a series of telexes to potential buyers detailing specific ships and consignments about to leave Bonni, or in some cases already on the high seas. The oil is offered at perhaps \$2 or \$3 a barrel less than the market price. An interested buyer can check that the ship and cargo are bona fide in any list of international shipping movements. The owners, however, Continued on Page 20

Milken tries to avoid immediate seizure of assets

By Anatole Kaletsky in New York

LAWYERS for Mr Michael Milken, the controversial head of high-yield securities at the Wall Street investment house of Drexel Burnham Lambert, were yesterday negotiating to avoid an immediate seizure of his assets in the wake of the criminal charges laid against him on Wednesday. In meetings with officials at the US Attorney's office in Manhattan, they were discussing the size of a large financial bond Mr Milken is expected to post with the courts. Indicted by a New York grand jury on Wednesday night on 98 counts of fraud, insider trading and racketeering, Mr Milken could face 20 years imprisonment and an unprecedented financial penalty of over \$1.7bn if found guilty on the two racketeering charges. Mr Milken, who is on leave of absence from Drexel, continued to protest his innocence. "In America, an indictment marks the beginning of the legal process, not the end," he said. "After almost 2 1/2 years of leaks and distortions, I am now eager to present all the facts in an open and unbiased forum." The Racketeer Influenced and Corrupt Organisations Act would permit the Government to move immediately to freeze all Mr Milken's assets even before a trial began. But officials at the US Attorney's office said yesterday they were unlikely to do this provided Mr Milken was willing to post a bond commensurate with the scale of the charges and with his own immense wealth. Prosecution officials also indicated they were still open to a possible out-of-court settlement with Mr Milken, despite the breakdown of plea bargaining talks held last year. Mr Milken said he would not plead guilty to any charges and would be indicted in the end. His brother, Mr Lowell Milken, and one of his former associates, Mr Bruce Newberg, indicted on many of the same charges, also insisted they would do no deals. The essence of the charges against Mr Milken are that he masterminded at least 96 securities violations in 25 separate financial transactions conducted by Drexel between 1983 and 1986. Many of these deals involved Mr Ivan Boesky, the disgraced Wall Street arbitrageur. The indictment also covered transactions conducted through Princeton/Newport Partners, a now-defunct investment firm which was charged with racketeering last year. In addition, Mr Milken and his brother are said to have organised insider trading by Drexel directly in cases involving Viacom and Lorimar, two large entertainment companies. Mr Boesky and Drexel itself have already agreed to plead guilty to most of the offences covered by the indictment. The Government alleges, however, that Mr Boesky was in effect a pawn in Mr Milken's criminal conspiracy with Mr Milken the main beneficiary from Drexel's crimes because of his \$1.7bn in salary and other remuneration. Draconian law stirs bitter debate; Page 4

US-Soviet joint venture accord marred by Ford's withdrawal

By Quentin Peel in Moscow and John Griffiths in London

FIVE MAJOR US corporations yesterday signed a trail-blazing trade agreement in the Kremlin, but only after the event was marred by the last-minute withdrawal of the Ford Motor Company. The deal will give the US companies - Chevrolet, Eastman Kodak, Johnson and Johnson, RJE Nabisco, and Archer Daniels Midland - special conditions for setting up joint venture production in the Soviet Union. Put together by the Mercator Corporation of New York, the American Trade Consortium (ATC) effectively guarantees its members' participation in the profits from joint ventures in hard currency, thanks to the oil export earnings expected from Chevron. However, the last-minute decision of Ford not to participate - officially because it has "decided not to pursue a business venture in the Soviet Union at this time," removes the biggest name of all from the exercise. Ford had been involved in negotiations aimed at exporting substantial quantities of European-built Scorpio and Granada executive cars to the Soviet Union over the next 20 years. The agreement was actually signed between ATC and a Soviet consortium, including the Ministry of Foreign Economic Relations, the Bank for Foreign Economic Affairs, the Ministry of Finance, Gosplan (the state planning agency) and 25 other state enterprises. It amounts to a framework for joint ventures, yet to be negotiated. Mr Philip Benton Jr, Ford Automotive Group's president, said last night: "Unfortunately, although there was progress, the framework of understanding reached so far... is not sufficient to make feasible a bid for the scope and complexity of Ford's." Ford was "disappointed" but had withdrawn in order not to impede the other companies involved, said Mr Benton. He refused comment on the precise reasons for the withdrawal, but they are understood to relate to the detailed framework for hard currency transactions. Ford did not rule out further involvement in Soviet business at a later date, "when the environment for doing business is better defined," said Mr Benton. Mr Jim Giffen, President of Motorola and of the ATC, said the exercise was still open the way for some \$5bn to 10bn to be invested in the Soviet Union over the next 20 years. The agreement was actually signed between ATC and a Soviet consortium, including the Ministry of Foreign Economic Relations, the Bank for Foreign Economic Affairs, the

Ministry of Finance, Gosplan (the state planning agency) and 25 other state enterprises. It amounts to a framework for joint ventures, yet to be negotiated. Mr Philip Benton Jr, Ford Automotive Group's president, said last night: "Unfortunately, although there was progress, the framework of understanding reached so far... is not sufficient to make feasible a bid for the scope and complexity of Ford's." Ford was "disappointed" but had withdrawn in order not to impede the other companies involved, said Mr Benton. He refused comment on the precise reasons for the withdrawal, but they are understood to relate to the detailed framework for hard currency transactions. Ford did not rule out further involvement in Soviet business at a later date, "when the environment for doing business is better defined," said Mr Benton. Mr Jim Giffen, President of Motorola and of the ATC, said the exercise was still open the way for some \$5bn to 10bn to be invested in the Soviet Union over the next 20 years. The agreement was actually signed between ATC and a Soviet consortium, including the Ministry of Foreign Economic Relations, the Bank for Foreign Economic Affairs, the

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MARKETS

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Canada	100.00	100.00
Denmark	100.00	100.00
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Sweden	100.00	100.00
Switzerland	100.00	100.00
UK	100.00	100.00
USA	100.00	100.00

STERLING	New York latest \$1.6585 (1.6590)
London	\$1.6580 (1.6585)
DM3	1900 (3.1975)
FF10	7725 (10.7950)
SP12	7850 (2.7825)
Y228	75 (224.50)
New York latest	DM1.8900 (1.8942)
FF6	3815 (6.3820)
SP1	8500 (1.6512)
Y131	86 (133.325)
London	DM1.8930 (1.8915)
FF6	3825 (6.3850)
SP1	8530 (1.6455)
Y132	75 (132.85)
GOLD	New York latest 326.4 (327.5)
West Text Crude	\$20.625 (+0.62) (May)

CONTENTS

Gatt's future on line in farm trade talks	2
Spain: Madrid's talks with Eta separatists reach a dangerous corner	2
Japan: Another taxing time ahead for politicians and consumers	6
Oil: Spanish flotation of Repsol	16
Editorial comments: An African blueprint; Cure for UK's transport congestion	18
Lombard: Gradgrinds old and new	19
South African: Striking a false note	19
Laird House of Fraser; TSB; United Newspapers; Burnham	20
Europe	2-3
Companies	21-24
America	25-26
World	27-28
Overseas	29-30
Technology	31-32
World Trade	33-34
Britain	35-36
Companies	37-38
Agriculture	39
Art-Review	40
Books	41
Commercial Law	42
Commodities	43
Crossword	44
Currencies	45
Editorial Comment	46
Euro-options	47
Observer	48
Wall Street	49
Stock Markets	50
London	51
United Trusts	52
Weather	53
World Index	54

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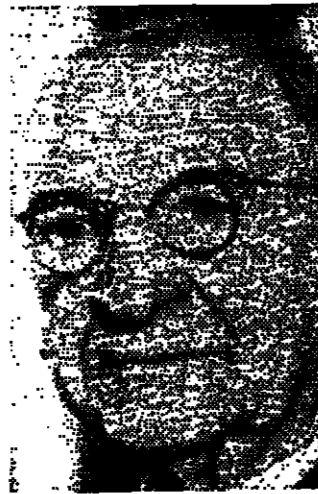
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EUROPEAN NEWS

Last stop Belmullet, Co Mayo, for the Brussels gravy train

BELMULLET, in County Mayo, Republic of Ireland, is one of the most remote corners of Europe. To the west, the next parish is the Bronx in New York City. Dublin is 200 miles away to the east.



De Valera: "No longer shall our children, like our cattle, be brought up for export."

EC funding will solve only some of the many problems in rural Ireland, says Kieran Cooke

productive capacity by eliminating structural weaknesses and deficiencies and overcoming the disadvantages of our position on the periphery of Europe.

spread unemployment. In recent years hundreds of people have left the area moving to England or the US.

let the small farmer improve his lot. If not emigration will continue and the more remote country areas will die.



Haughy: Fighting "the disadvantages of our position on the periphery of Europe."

efforts to maximise Ireland's receipts from the EC structural funds. But questions about the funds continue. The Government, it is claimed, has wildly exaggerated the expected "take" from Brussels.

High price of education reform in France

By Ian Wiggins in Paris

AFTER WEEKS of negotiations with an embittered and resentful teaching profession, the French Government has now carried its project for a far-reaching reform of education to the half-way mark.

Prospect of early Turkish election looms as Ozal ponders poll setbacks

By Jim Bodgener in Ankara

TURKEY'S new cabinet is expected to be announced today, amid mounting speculation over whether Turgut Ozal, the Prime Minister, will resign before the general election following last Sunday's massive rejection of his Motherland Party (ANAP) in local elections.

restoring the government's flagging image, which has been stained by allegations of corruption in high places. The new cabinet list was presented for ratification to President Kenan Evren yesterday.

democratic MP inside Parliament allegedly by an ANAP deputy. As the murder seems to be the product of local jealousies in Siirt province, it is not expected to release a flood of political recrimination.

large cities, including Ankara, Izmir, and Istanbul, the last of which was a severe blow to ANAP's confidence.

He now needs to capitalise on the swing to DYP of small tradesmen and middling farmers in the small towns and villages of Anatolia.

inflation. The surplus could also be deployed to stimulate business confidence, particularly in the export sector, hard hit by the phasing out last year of export tax rebates.

At the beginning of February, Mr Michel Rocard, the Prime Minister, called for FF100bn to be held back this year from the budget for all ministries, reserving only top priority departments such as Education. The ostensible reason was concern about the trade deficit. But, even then, it appeared that he was seeking extra manoeuvring room for the education reform project.

Grey power rears its aged head in West Germany

By David Goodhart in Bonn

MS TRUDE URHIL, feminist, ecologist and old age pensioner, is threatening to set up Europe's first nationally organised political party for pensioners if the West German political system does not improve its representation of the elderly.

More than 5 per cent of the population qualify for Bundesstag representation, but in the delicately balanced coalition system a sub-5 per cent vote can also bring considerable clout.

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Wells Fargo & Company U.S. \$150,000,000 Floating Rate Subordinated Notes due 1992 In accordance with the provisions of the Notes, notice is hereby given that for the interest period 31st March, 1989 to 28th April, 1989 the Notes will carry an Interest Rate of 10.35% per annum. Interest payable on the relevant interest payment date 28th April, 1989 will amount to US\$80.50 per US\$100,000 Note. Agent Bank: Morgan Guaranty Trust Company of New York London

DUMENIL LEBLE IS PROUD TO ANNOUNCE THAT IT HAS ACQUIRED THE MAJORITY OF THE CAPITAL STOCK OF CHEMICAL BANK (SUISSE) HAS CHANGED ITS NAME TO: DL BANK (SWITZERLAND) WITH HEAD OFFICES IN ZURICH, A GENEVA BRANCH, A LONDON REPRESENTATIVE OFFICE AND A LUGANO SUBSIDIARY. THE BANK WILL CONTINUE ITS TRADITIONAL ACTIVITIES IN THE PRIVATE BANKING FIELD.

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EUROPEAN NEWS

Solidarity talks fail to break Polish deadlock

By Christopher Bobinski in Warsaw

TWELVE hours of talks on Wednesday between Solidarity and the Polish authorities failed to break the deadlock in the closing stages of the round-table conference which started on February 6 and which aims to return the banned trade union to public life and bring the opposition into parliament.

The failure to agree came at a conference in a Warsaw suburb between Mr Lech Walesa and General Czeslaw Kiszczak, both of whom were accompanied by negotiators.

In effect, the dispute comes down to whether the authorities are ready to countenance losing control of the legislative process to the new Senate, where there is every likelihood they will be in a minority.

Mr Stanislaw Ciosek, a key figure on the Communist Party side in the negotiations, said the future stability of the country was at stake. Solidarity is insisting that a two-thirds majority would be needed in parliament, where the authorities will, under the round-table contract, hold 65 per cent of the seats, to overrule a Senate veto on new laws.

The authorities, for their part, want parliament to be able to dismiss Senate objections by at most a three-fifths majority, which would still be within the block of seats they expect to control.

Another Magdalena meeting is scheduled for Monday after today's Communist Party central committee meeting, which the leadership had hoped would be able to approve the round-table accord. Earlier this year, General Wojciech Jaruzelski had to ask for a vote of confidence to bring the central committee behind his decision to enter the round-table talks.

Now, time is running short if the authorities want to hold elections as planned at the beginning of June, for this means that draft election laws and constitutional changes should be passed by parliament by April 9. But yesterday, Mr Ciosek admitted that if agreement is not reached on Monday, then the April 5 date pencilled in as the ceremonial conclusion to the round-table is in jeopardy.

Vassiliou hints at Cyprus bid for EC membership

By Andriana Ierodiakonou in Athens

CYPRUS MAY well follow on the heels of Austria and Malta in applying for full membership of the European Community, according to Mr George Vassiliou, the Cypriot President.

"We will have a problem at home but I believe we can overcome them," he told the Financial Times, referring to possible opposition to the application from the large Greek Cypriot Communist Party (AKEL), which is close to the Soviet leadership.

AKEL's support was a key factor in Mr Vassiliou's election to the presidency, for which he ran as an independent, in February last year. The highly orthodox Communists have traditionally opposed the EC on ideological grounds, but AKEL has lowered the tone of its anti-Community rhetoric recently.

The fact that neither Austria nor Malta are members of Nato will also make it easier for the Government to reassure AKEL that membership would not mean a shift in Cyprus's non-aligned foreign policy.

Mr Vassiliou said EC accession could prove the key incentive encouraging Turkey to solve the Cyprus problem. Turkey invaded and occupied the northern sector of the island in 1974 following a Greek military coup against the Cypriot Government.

Mr Vassiliou and the Turkish Cypriot leader, Mr Rauf Denktaş, have been engaged since last September in United Nations-sponsored negotiations to restore the political unity of Cyprus by establishing a bicommunal, bizonal federation.

He conceded that the rate of progress had been disappointing but was still hopeful of reaching agreement with Mr Denktaş. The two completed a second phase of talks on March 28, and are scheduled to report on their progress to Mr Javier Perez de Cuellar, the UN Secretary General, on April 6 and 7.

"Mr Vassiliou arrived in Athens yesterday to brief the Greek Government and opposition."

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Gorbachev pledge on E Europe creates stir

By Leslie Coffitt in Berlin

PARTY LEADERS throughout Eastern Europe will be closely analysing a remarkable pledge given last week by Mr Mikhail Gorbachev to Mr Karoly Grosz, the Hungarian leader.

Five days after his talks in Moscow with Mr Gorbachev, Mr Grosz started the Central Committee of his party in Budapest by revealing that the Soviet leader had addressed the issue of the Hungarian uprising in 1956 and the Prague Spring reforms of 1968, both of which were ended by Soviet military intervention.

"Surveying the experiences of 1956 and 1968, Mr Gorbachev said that all possible safeguards should be provided so that no external forces could interfere in the domestic affairs of socialist countries," Mr Grosz said, according to the Hungarian news agency MTI.

The repudiation of what is known as the Brezhnev Doctrine of limited sovereignty - although ironically it was the reform-minded Nikita Khrushchev who sent Soviet tanks into Budapest in November 1956 - is of enormous consequence for Eastern Europe.

Mr Gorbachev and Mr Grosz, however, made clear that there could be no neutrality "under current conditions" for a member of the Warsaw Pact.

Ever since Mr Gorbachev first stated that each Warsaw Pact country should be allowed to develop its own socialist system, East European leaders have been pondering whether this meant that Moscow would still intervene militarily to stop political reforms going too far.

"This is a very important declaration and a criticism of the past," Mr Ivan Degen, a Central Committee spokesman in Budapest, said yesterday. He admitted that the situation was now "very difficult" for Mr Janos Kadar, the former Hungarian leader, who resigned under pressure last May.

Mr Kadar remained stoically silent when his party recently revised its previous assessment of 1956 as a "counter-revolution" and said that it began as a genuine "popular uprising."

After allying himself with Moscow to crush the uprising, Mr Kadar came to power immediately afterwards.

Mr Gorbachev's assurance that Hungarian specialists would be given access to Soviet-held documents on 1956 can only deepen the difficulties of Mr Kadar.

The Soviet leader's pointed reference to 1956 when Soviet-led Warsaw Pact troops occupied Czechoslovakia is an ominous signal to the present orthodox leadership in Prague.

Mr Gorbachev, in effect, said what several Soviet publications recently strongly suggested: that the assurance of the Czechoslovak reforms in 1968 was a mistake.

The present Czechoslovak leadership came to power on the back of the Soviet invasion. To acknowledge events now as a mistake would be disastrous.

Yet Mr Degen said the Czechoslovak leadership now had no other alternative but to revise its position on 1968. "There is no other way for them to solve the problem. Delay only makes things more difficult," he noted.

Belgium moves to protect Moslem leaders

By William Dawkins in Brussels

BELGIAN POLICE yesterday stepped up security around prominent members of the country's 250,000-strong Moslem community in the wake of the shooting of two moderate Islamic clerics. But the authorities made no progress towards identifying either the killers or their motive.

Belgium's Government voiced horror at the murders, which may have been provoked by appeals from one of the victims, Mr Abdallah Adhel, the Saudi Arabian director of the World Islamic League's Brussels centre, for a calm response to the British novelist Salman Rushdie's book, *The Satanic Verses*. If so, these are the first deaths in Europe resulting from the row.

Belgian security forces have contacted their counterparts in other European countries and stepped up surveillance at frontiers and at Brussels' airport, said Mr Willy Claes, the Deputy Prime Minister.

The British Home Office said the incident would be raised at May's meeting in Madrid of the 12 ministerial members of the Trevi group, which exists to co-ordinate the fight against international crime.

"It is with horror that the Belgian Government learned of this double murder, an act which it condemns rigorously," said Mr Claes. Meanwhile, the Saudi ambassador called on Moslems to keep calm and co-operate with

the authorities to unearth "the criminals who have perpetrated this odious act."

The bodies of Mr Adhel and Mr Salem El Behir, his Tunisian librarian, were found, shot in the head, in their offices the previous evening. An hour beforehand, they had met Islamic leaders from the city to smooth out differences about television and newspaper interviews given by Mr Adhel, in which he had advocated moderation in the political row provoked by Iran's death threats to Mr Rushdie.

While most of Belgium's Moslems belong to the relatively moderate Sunni sect, Mr Adhel's remarks elicited anonymous telephone threats. Belgian

police consequently put him under "discreet surveillance," even though he insisted it was needless. Mr Claes said police did not exclude political or religious motives, but all possibilities were still wide open.

European Community governments last month recalled their ambassadors from Iran as a result of the threats to Mr Rushdie. In an unusually fast and co-ordinated response, Mr Felipe Gonzalez, the Prime Minister of Spain, now occupying the EC presidency, said during a visit to the Commission yesterday that the killings underlined the extent to which "international co-operation was essential" in the fight against terrorism.

Gorbachev stays silent on Yeltsin landslide

By Quentin Peel in Moscow

MR Mikhail Gorbachev avoided comment on the landslide victory of Mr Boris Yeltsin in Moscow at his top level briefing to Soviet media chiefs on Wednesday, a senior newspaper editor said yesterday.

Mr Gorbachev insisted he was satisfied the election was "a big success for perestroika", and that in spite of the defeat of a string of leading figures in the Communist Party, it was still "a victory for the party".

He said that those who lost their seats - including Mr Yuri Solovjev, the Leningrad Party chief, and the city party bosses in Moscow, Leningrad, Kiev and Minsk, as well as more than 30 oblast (regional) first secretaries - had been judged on their work.

The editor, who asked not to be named, said Mr Gorbachev admitted that his reforms were in "a very complicated political and economic situation", and that there was criticism that it was going too slowly. However, the Soviet leader maintained

Brussels demands Bonn timetable for curbing state aid to coal mines

By David Buchan in Brussels

BONN MUST present plans to reduce future state aid to West Germany's coal mines if it wants Brussels to continue giving the go-ahead to its aid programmes, the European Commission said yesterday.

As a condition for blessing DM5.38bn (£1.7bn) state aid to coal mines for 1987-88, the Commission said it was giving Bonn until the autumn to come up with a plan to reduce such state aids over the next five years.

The Commission, which has certain semi-autonomous powers in controlling state aids, also said it was inviting the West German Government to draft a new rationalisation plan for its coal industry. West Germany has the single largest coal sector in the EC in terms of employment (156,000 people in 1987) but is second to the UK in output with extraction of 82m tonnes in 1987.

At the same time, the Commission has decided to sanction for another nine years a modified version of the

so-called *Hüttenvertrag* (steel agreements), whereby six West German steel companies will buy most of their coking coal from Ruhrkohle, the big coal producer, until the end of 1987.

The Commission justified its authorisation by noting that Ruhrkohle would no longer be exclusive supplier to the steel mills, which would be free to use fuels from other sources. The smaller Auguste Victoria coal mine is also to participate in the scheme.

But the real reason for letting the *Hüttenvertrag* arrangement remain undisturbed is that none of Bonn's EC partners has coking coal which it wants to sell to the West German steelmakers.

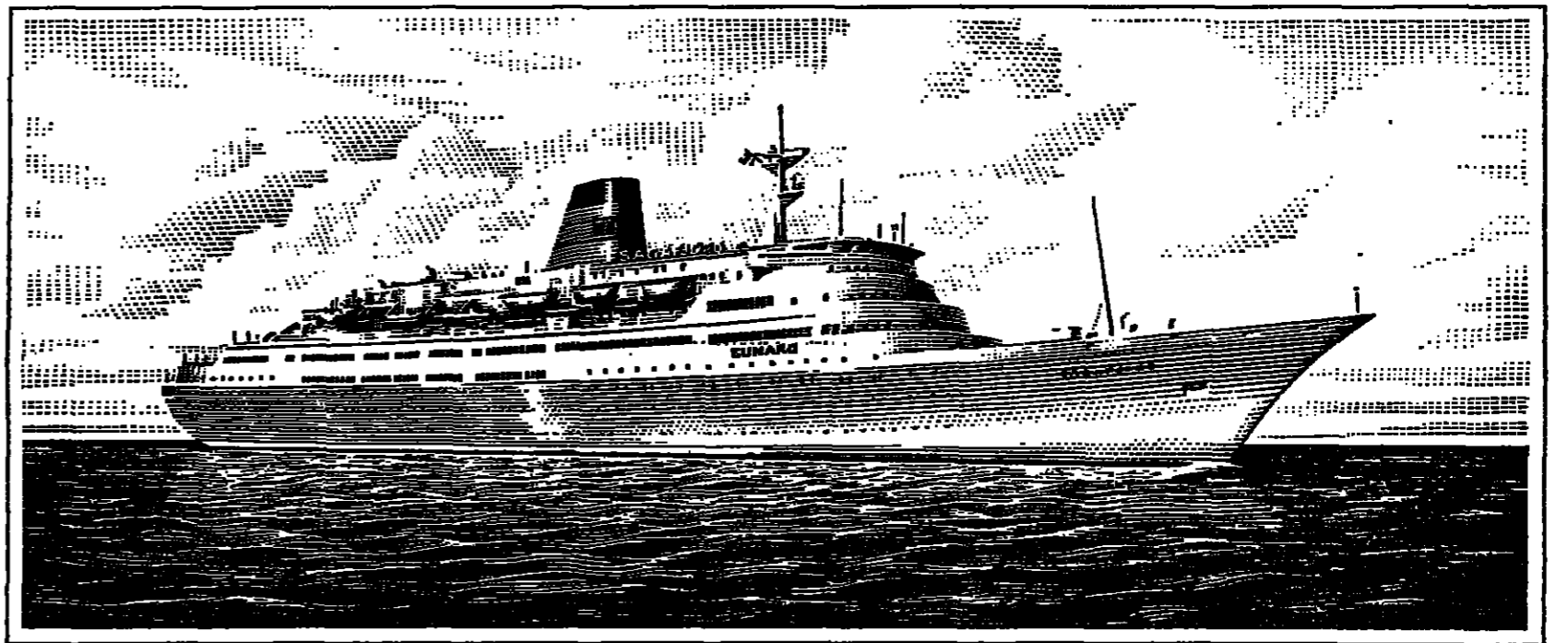
This is in contrast to the power sector, where France is pushing to sell its relatively cheap nuclear-generated electricity to West German industry and has formally complained to Brussels about the so-called *Jahrbuchvertrag* contract which ties West German utilities to using large

quantities of German coal. Commission officials are now investigating the *Jahrbuchvertrag* on the ground that it may be frustrating real potential competition which does not exist in coking coal.

However, a West German diplomat said yesterday that "the French should not be too optimistic about a German market for their electricity if the *Jahrbuchvertrag* comes to an end". West German power stations, many with expensive new sulphur-scrubbing equipment, might equally turn to buying imported coal.

Stressing its desire for a "political" settlement, rather than a legal wrangle with Bonn, the Commission yesterday warned that it was cycling state aids in other EC coal-producing member states.

West Germany is easily the biggest sider of its coalmines. The Government spent DM3.15bn in direct aid in 1987 to keep the price of domestic coking coal for its steel industry down to that of imports.



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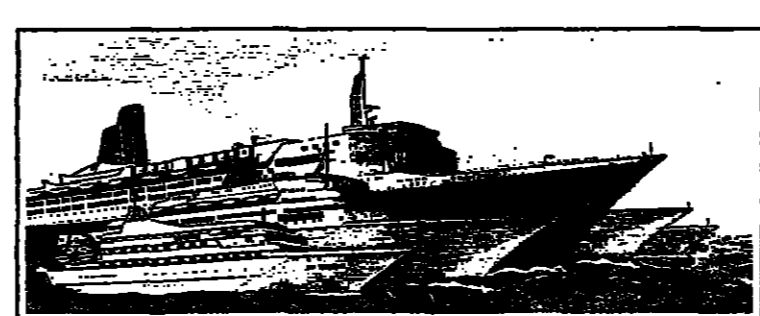
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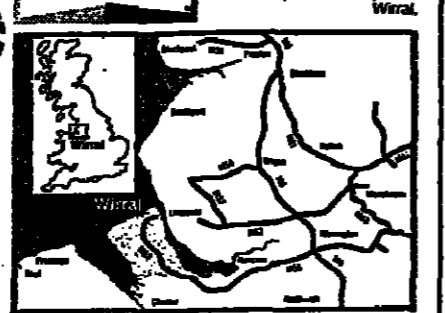


64We have a substantial development taking place here and this sparks volumes for Wirral as an international operating base. 55

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WORLD TRADE NEWS

GE-Snecma wins \$1bn aero engine contract

CFM International, a joint venture of General Electric of the US and the French manufacturer Snecma, announced yesterday that it has negotiated a \$1bn contract to supply USAir with as many as 250 CFM56-3 model jet engines, AP reports from Evendale, Ohio.

CFM International, based in Evendale, said the agreement is the largest in the 10 years since it began selling jet engines. USAir is a domestic carrier.

The CFM56-3 is used in the Boeing 737-300, 737-400 and 737-500 series of jet aircraft. USAir and Piedmont Airlines, which are customers for the 737-300 and 737-400 aircraft respectively, have options on orders for 120 Boeing 737 jets to be delivered between 1991 and 1995.

Both airlines are subsidiaries of USAir Group and are to be merged on August 5. USAir and Piedmont have ordered or taken delivery on a total of 165 of the 737-300 and 737-400 jets, officials said. USAir is CFM International's largest commercial customer.

Since entering commercial service in late 1984, the CFM56-3 engine has logged more than 6 million flight hours.

Canadians mount challenge to Europe's big air shows

By Nancy Dunne and Michael Donne, Aerospace Correspondent

CANADA, with \$4m in government grants and a stunning exhibition site left from its 1986 World Exposition in Vancouver is set next August to challenge the European hegemony in international air shows.

Officials of Airshow Canada say they have commitments from the world's leading aerospace companies to participate in the North American show, to be located at Abbotsford Airport, just outside Vancouver. Dozens of small companies have signed on, discouraged by the rising costs of exhibiting in Paris one year and Farnborough in Britain the next.

Mr Patrick Reid, formerly a senior diplomat stationed in London and now airshow chairman, believes that the prestigious European exhibitions have become so expensive that their cost-effectiveness is increasingly in question.

"It is inconceivable that the rest of the world will continue to go to these expensive shows," he said. Ultimately, he expects one of the European shows to fade, and then a three-year rotation of major airshows to emerge in Asia, North America and Europe. Singapore has already begun to hold a show every other year, and Canadian officials have scheduled their own in Singapore's off year.

Mr Reid is contacting about 50,000 potential buyers and expecting up to 15,000 this year.

The Soviet Union is sending its MIG-29, its latest fighter aircraft. American participation includes the F-14, the supersonic B1B Bomber, the SR71 Blackbird-Mach reconnaissance aircraft as well as F-15 and F-16 aircraft.

For the first time South Korea has agreed to attend an international aerospace trade show. Japan has promised strong participation, and China is to send a major delegation.

The Canadian move comes as world aerospace manufacturers are increasingly reluctant to become involved in any more major international air shows, because of the increasing number of them and the heavy costs of participation.

For major companies such as British Aerospace, Airbus, Boeing and McDonnell Douglas, it can cost several million dollars to participate for a week or so in the biennial Farnborough and Paris international shows, after taking account of executives' time, travel and hotel and other bills, and the cost of flying aircraft to, from and during such shows.

Participation in the alternat-

ing Farnborough and Paris shows is now regarded as essential. Not to appear makes any company conspicuous by its absence, and raises international rumours as to its solidity in the world marketplace - as some who withdrew from Farnborough some years ago discovered to their cost, resulting in their rapid reappearance.

But among the smaller shows world-wide there is intense competition, and two alone now seem to be making all the running - Singapore, held in January-February of the same year as Farnborough (in September), with the next one due in 1990, and now also Dubai, held in January-February as the same year as Paris (in June). Dubai this past February was rated a spectacular success, and will be held again in early 1991.

Both those regional shows cover areas of vast potential aerospace expansion, and can thus expect to win increasing interest, because they are well-organised showcases in growing markets.

But many other would-be international air shows either barely cover costs, or fail, because they have little to offer local interest, which does not justify the heavy costs involved.

Gatt's future on line in trade talks

William Dullforce looks at an attempt to resolve the farm deadlock

MR Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (GATT), will embark this morning on his final attempt to resolve four issues on which the trade ministers' mid-term review of the Uruguay Round broke down in Montreal in December.

The central issue is the reform of world farm trade, distorted by enormous government subsidies. Here the impasse between the US and the EC over the approach to long-term reform has been the main stumbling block.

The three other issues are the industrialised countries' wish to introduce greater international protection for intellectual property rights, the desire of some developing countries to open up trade in textiles and clothing to GATT freedoms, and improvements to the GATT "safeguards" system which allows governments to protect industries against unexpected surges in imports.

At stake is the outcome of the multilateral negotiations launched in Uruguay in 1986 to expand and reinforce a liberal world trading system. Agreements in 11 other areas, including trade in services and tropical products and the strengthening of GATT's dispute settlement mechanism, were put "on hold" in Montreal and may never be implemented, if the four outstanding issues are not settled next week.

Equally at stake are Gatt's own future role as the arbiter of international trade and ultimately the prospects for free trade at a time when industrialists and politicians, notably in the US, are calling for protectionist action to counter their trade problems.

Mr Dunkel will start today informal consultations with delegates from more than 20 of the biggest trading nations on the four "working papers" he has tabled.

Consultations, ebbing and flowing through various groupings of Gatt's 96 members, are expected to continue through the weekend, to prepare for the formal confrontation in the Uruguay Round's trade negotiations committee, which opens next Wednesday.

The task of sorting out the mess has been left this time to Mr Dunkel and senior officials. However, a feeling that some ministers are hovering in the wings ready to appear on the scene was enhanced this week by the announcement from Washington that Mr Clayton Yeutter, US Agriculture Secretary and former US Trade Representative, would make a six-hour stopover in Geneva on Wednesday (later changed to Thursday evening).

Mr Carlos Hills, the new US



Trade Representative, has said she has no plans to appear but, if the proclaimed innocence of Mr Yeutter's stopover should prove to be false, a descent of ministers on Geneva cannot be excluded.

The fact is that as of yesterday the outcome of Mr Dunkel's mediation efforts could not be safely predicted. Among negotiators already in Geneva none voiced unqualified approval for the working papers in which he has sketched out possible accords that would allow the Uruguay Round to continue.

In the crucial agricultural area his paper has - temporarily at least - won support. US and EC officials to state their divergencies and highlighted the real difficulties both Washington and Brussels have in agreeing a common approach to reform.

Both appear to be ready to accept his reformulation of the objective for reform as "substantial progressive reductions (in farm supports)... sustained over an agreed period of time". This modifies Washington's initial demand for the elimination of all trade-distorting farm supports within a fixed period.

But the EC regards as much too explicit Mr Dunkel's elaboration of the guidelines for long-term reform. It does not want the goal to be described as a "market-oriented" farm trading system and objects to the proposal that all import barriers should be converted into tariffs - a move that would include the variable levies on which the Community's two-tier pricing system is based.

The US has most difficulty with the short-term action outlined by Mr Dunkel. In particular, the Americans object, it would be politically impossible in the US to reduce the price-reducing in current production restrictions such as the US land set-aside programme.

Crucial complications come from the third major force in the farm reform arena, the 18-nation Cairns group of farm exporters, whose five Latin American members have put a block and the rest of the Montreal meeting until they receive satisfaction in the agriculture area.

Mr Dunkel's short-term proposals concentrate on freezing subsidies and supports at their current levels and make only passing reference to the percentage cutbacks starting in

1990 for which the Cairns group has been asking.

In fact Mr Dunkel appears to aim at an accord that would first stop the escalation in subsidies and then concentrate on negotiating a sound long-term programme. This would avoid the difficulties of taking further short-term action, for instance, in deciding on the measuring instrument that would be needed to control cutbacks.

The assumption is that the Cairns countries will recognise their primary interest in obtaining a long-term programme of reductions. The group, notably the Australians, are insisting that any agreement must incorporate an unequivocal commitment to reduce protection for agriculture.

Another widely held assumption is that an agreement on farm trade will unlock the three other issues. A few believe this could be a miscalculation at least in the area of intellectual property rights (IPR).

Brazil and India lead Third World opposition to the industrialised countries' demand that principles, standards and an enforcement system for IPR should be negotiated and introduced in Gatt.

In his IPR paper Mr Dunkel has "concocted a view that pleases neither side," a US official says.

The International Chamber of Commerce warned of "tragic" consequences for the trading system if the world's leading industrial powers fail to put the Uruguay Round of trade negotiations back on track at their meeting in Geneva next week, writes Peter Montagnon, World Trade Editor.

"We cannot believe that any of the governments of the great nations concerned wish to signal to the rest of the world that they are prepared to see international trade return to the conflicts which the Gattists' Agreement on Tariffs and Trade has kept at bay," it said in a statement circulated to leading Gatt member governments.

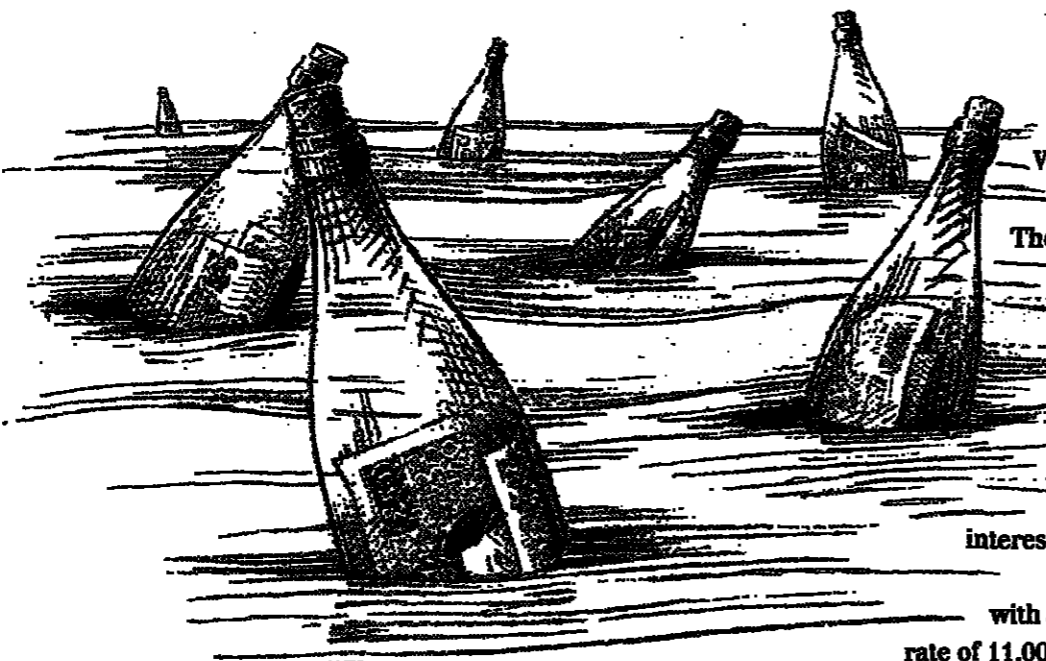
Considerable progress has been made in the Round in a number of areas and it could yield "highly useful and desirable results" as long as it is not allowed to founder at this stage, the statement said.

It said its proposals would commit the developing countries to substantial IPR reductions. The proposals would also require the industrialised nations to reduce their subsidies to Gatt and imply that the questions of which organisation should handle any agreement should be left to the end of the negotiations.

Tactically Mr Dunkel's paper may be shrewd. When the fatigue of late-night negotiating and the relief - perhaps - of having reached a farm trade agreement sets in towards the end of next week, negotiators may be ready to accept an IPR solution that lets talks continue without binding anyone.

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US farm groups express opposition to Dunkel plan

By Nancy Dunne in Washington

OPPOSITION is surfacing in the US Farm Belt to the proposed "Dunkel Plan" in the Gatt talks, which would freeze domestic farm policies in the developed countries, while working for "substantial progressive reductions" in subsidies and protection.

The National Family Farm Coalition, an organisation of 42 farm groups in 35 states, says the Gatt director's plan would lock in "failing" US farm policies for two more years.

The coalition supports higher farm prices to cover what it claims are production costs higher than farmers' returns and extensive domestic acreage controls. Mr Dixon Terry, president of the coalition and an Iowa dairy farmer, accused the administration of being "ready to sell us out."

"The Dunkel Plan ignores the most basic problem for farmers, taxpayers and the environment worldwide - the dumping of agricultural surplus on world markets at

below-cost-of-production prices," he said. "A positive Gatt agreement would allow countries to write domestic farm programmes to protect their own family farmers. Then it could phase out export dumping which encourages overproduction and drives down prices worldwide."

An analysis by the League of Rural Voters, a Minnesota based member of the coalition, warned that the Dunkel Plan would place a floor under current set-asides, which in the US are unusually low this year because of the drought.

"Should the US keep set-asides at these US levels - two to three years, world grain stocks could rise to price-depressing surplus levels," it said. "Higher US production, combined with scheduled cuts in loan rates mandated by the 1985 Farm-Bill and current levels of export assistance, could drive world wheat prices down to \$50-\$70 per tonne within one or two years," it said.

Bovis wins Hong Kong construction contract

By Andrew Taylor, Construction Correspondent

BOVIS, the British construction group and Sung Foo Kee, a Hong Kong developer, have been appointed by an international consortium to manage the construction of a \$100m commercial property development in Hong Kong. The scheme includes two hotels, a commercial centre and an office block.

The developers are Hong Kong Land and Great Eagle, a consortium of Peninsula and Oriental Steam Navigation (P&O), Pritzker of Chicago, owner of the Hyatt hotel chain; C. Itoh the Japanese trading group and Henderson Land, a

Hong Kong developer.

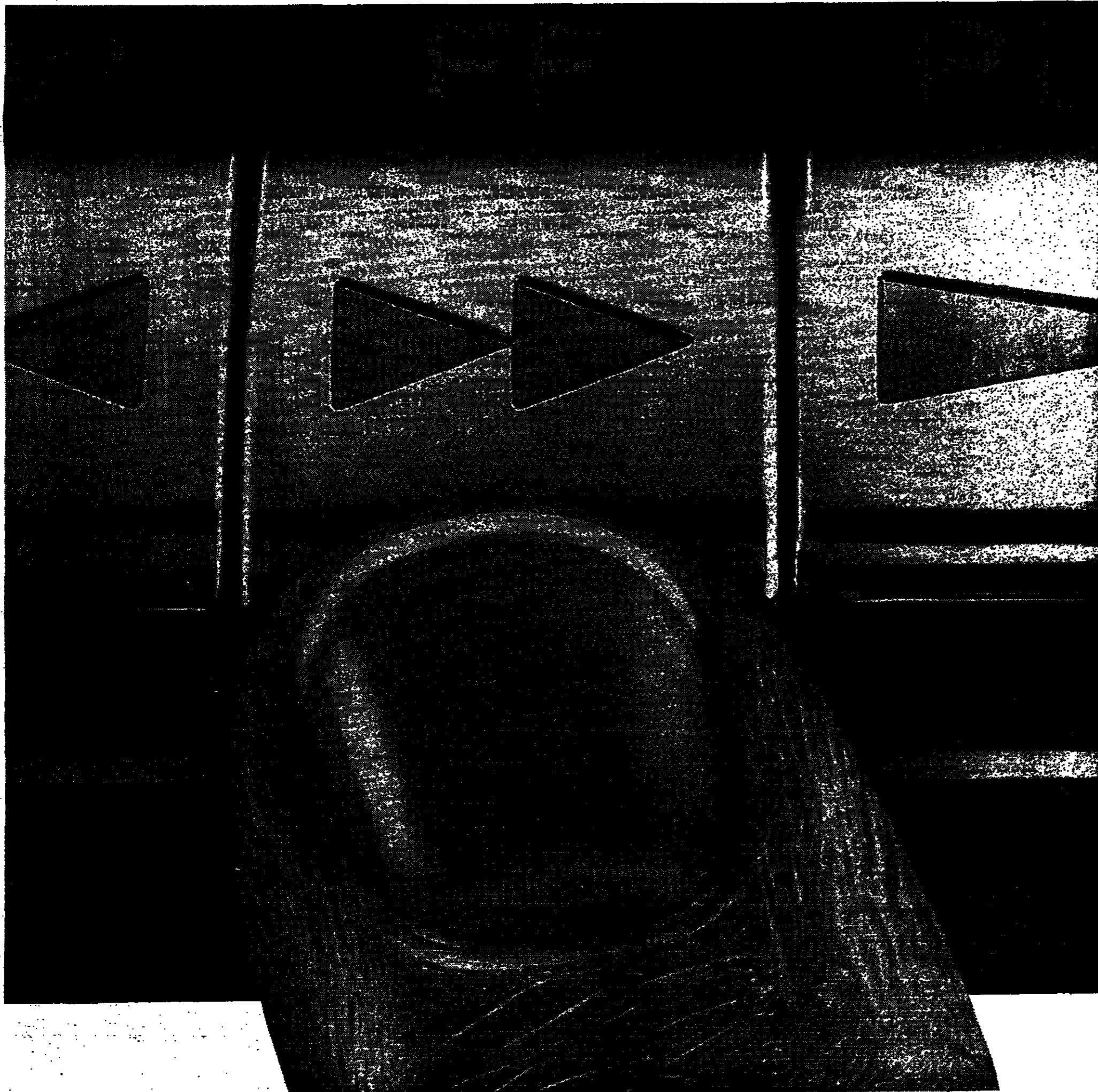
Bovis, construction arm of the P&O group, has announced a joint venture with North West Water, a British water authority shortly to be privatised and three Malaysian partners to supply water to the city of Ipoh in Malaysia.

CFM International, a joint venture of General Electric of the US and the French manufacturer Snecma, has won a \$1bn contract to supply USAir with 250 CFM56-3 model jet engines, AP reports.

Japan Air Services has ordered seven Airbus A300-600R airliners, Reuter reports.

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OVERSEAS NEWS

Another taxing time ahead for Japanese politicians and consumers

Ian Rodger discusses the introduction of VAT tomorrow and its possible effect on the popularity of Noboru Takeshita's Government

WITH all the excitement these days over the Recruit political finance scandal, it has been easy to lose sight of another looming event that could add to the turmoil on the Japanese political scene and perhaps even upset the country's booming economy.

Tomorrow a long debated 3 per cent value added tax (VAT) finally comes into effect. Japanese governments have been trying since the late 1970s to introduce a tax on consumption to ease the burden on

ordinary wage earners and to reduce the extent to which farmers and other self-employed groups evade tax.

However, the resistance to the reform from the self employed has been so strong that one former prime minister, Mr Masayoshi Ohira, was brought down over the issue and another, Mr Yasuhiro Nakasone, was badly damaged by it.

Today, opposition parties are tingling with excitement in the hope that the new tax will prove so

unpopular that, together with the Recruit scandal, it will bring down the Government of Mr Noboru Takeshita. "If May comes and Takeshita is still premier, that means the opposition has lost in this battle," Mr Junya Yano, chairman of the Komeito (Clean Government) party, said last week.

By all accounts, the tax will get off to a bumpy start. As in Britain when VAT was introduced in 1973, there is widespread confusion about how the consumption tax, as it is called, is going to work (see

below). Moreover, the implementation will inevitably be clumsy on low priced items because of the relatively small scale of the tax. The post office may be willing to amuse people by raising the normal letter stamp rate from ¥60 (26p) to ¥82 (27p), but operators of soft drink machines cannot easily raise their prices from ¥100 to ¥103.

On the other hand, there is a big sweetener in the package - the elimination of large commodity taxes on luxury goods. Retailers are predicting a stampede for cars,

consumer electronic goods, imported whiskeys and perfumes and other such products from next week. Also, income tax rates drop substantially for most wage earners on April 1, so disposable incomes will rise.

The beleaguered Mr Takeshita said on Monday he was confident the people would be satisfied with the tax reform once they had realised the full implications of the package, and many political analysts agree the storm over the tax could blow over fairly quickly.

The impact of the consumption tax on the economy is difficult to predict. The Government's Economic Planning Agency has predicted it will add 1.1 per cent to the inflation rate, and most private sector economists broadly agree, in theory, that is what should happen. However, they say many businesses will be tempted to take advantage of the confusion surrounding the implementation of the tax and raise prices inordinately.

Also, the tax coincides with the strengthening of other inflationary

forces. Oil and other imported commodity prices are rising and the economy is operating close to capacity. More worrying, the labour market is tight and trade unions are seeking 5 per cent and greater increases in their annual spring wage offensive. Many economists expect the Bank of Japan will have to raise interest rates in the next few months. "It is possible they will squeak through, but there is not a lot of room for error," says Mr Peter Morgan, an economist at brokers BZW in Tokyo.

Shops try to satisfy an incalculable yen for small change

Frantic storekeepers are scrambling for stray coins as prices are set to rise by odd amounts, writes Michiyo Nakamoto

FOR Japanese politicians, the main worry about the introduction of 3 per cent value-added tax tomorrow is how it will affect the opinion polls. For economists, the chief concern is a possible resurgence of inflation. But for the average Japanese consumer, the big problem will be having enough one-yen coins.

Suddenly these small aluminium discs, that are worth less than a haipenny and have long been considered a nuisance, will be in great demand because prices of many goods will end in odd figures. What now costs ¥100, a convenient figure for many low-priced items and requires a single coin for payment, will rise to ¥103 and require four coins.

"We have been going to the bank every day to collect one yen coins," said an employee at Matsuzakaya department store in Tokyo. Matsuzakaya had originally aimed for ¥1m worth of ¥1 coins but has not been able to collect even half that amount. A sense of desperation is leading some retail-

ers to call upon employees to bring in any stray coins lying around in desk drawers at home.

The mints will be pumping out an extra ¥100m worth of the coins, but the Ministry of Finance has nevertheless felt it necessary to advise banks to ensure an even flow to customers.

With the target date looming, businesses are not only finding that they may be short of change but also that they may not be as ready as they would like to be when the switch-over takes place. New software for computerised cash registers is being introduced at a frantic pace but even the larger, more modernised stores may not be fully prepared.

"There is no way we are going to be ready by April 1," says the Japan Chainstore Association.

McDonalds, the hamburger chain, has installed coin counting machines that can count one-yen coins. Mitsukoshi, the up-market department store, has just finished distributing

calculators to its employees. Major supermarkets are holding crash sessions to educate their employees on how to deal with customers who complain about price changes. Daiso, a supermarket chain, has come up with a list of over 100 problem situations that could arise. Bookstore owners complain that they will have a complex price system to deal with as some books will include the new tax in their fixed retail price while others will not.

Much of the confusion expected from the introduction of the new system is blamed on the government. Inevitably, the new tax is not particularly popular, and the government has gone to extremes to try to avoid inconvenience to certain pressure groups. As a result, consumers will face new challenges in trying to find bargains.

For example, operators of company-owned taxis must charge the tax immediately but independent operators of taxis do not have to impose it until their meters are changed, a process that could take months. Motorway tolls and bullet train fares paid in cash won't go up but books of tickets will. Many municipalities

have prevented utilities under their jurisdiction from imposing the tax out of electoral fears.

A phone call made from a private phone will be taxed while one made from a pay phone will not. Or, at least, it will not appear to be. In fact, starting April 1, a ¥10 phone call will last only 2.9 minutes instead of 3 minutes. Other businesses have adopted a similar approach. In some of Japan's ubiquitous "pachinko" pin ball machine parlours, a ¥100 coin will henceforth buy only 20 balls instead of 25.

While consumers deal with these complications, many businesses will be doing very well.

When the tax reform was being debated last year, retailers expressed concern that some of their competitors would not pass on the tax in an attempt to gain sales. The Government has permitted the formation of temporary cartels in many sectors. However, small businesses, which have been exempted from applying the tax, have nevertheless been allowed to join the cartels, so they will be able to pocket the price increase.

The Fair Trade Commission has had to issue warnings to retailers who have been bullying their wholesale suppliers into allowing them to buy goods at pre-tax prices.

Some retailers have gone as far as to suggest that they would be happy to pay the extra 3 per cent tax as long as they can get a discount on the actual price of the goods.

For anyone who lived through decimisation and the introduction of VAT in the UK, all of this manoeuvring will have a familiar ring. At least it shows that, when it comes to

real market behaviour, the Japanese are remarkably like everyone else.



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Tokyo apologises in bid to mend ties with N Korea

By Ian Rodger in Tokyo

THE Japanese Government yesterday took another big step towards rapprochement with North Korea. Mr Noboru Takeshita, the Prime Minister, expressed Japan's "deep remorse and regret" for its colonisation of the Korean peninsula in the 36 years to 1945, and urged that a direct dialogue with Pyongyang be established as soon as possible and without preconditions.

The move was the latest in a series of overtures to the North in recent months by Tokyo, apparently to keep in line with the progress in contacts between North and South Korea. "Things are happening between the North and the South. We are reacting to gradual process," a Foreign Ministry official said, and Mr Takeshita spoke of "a new era" emerging in the Korean peninsula.

The North Koreans have frequently complained that Japan has never expressed regret for its 36 years of colonial rule although Japanese officials have, in fact, expressed regret on several occasions and a position paper clarifying the point was published earlier this year. They now hope that a statement coming from the highest level will make things absolutely clear.

Mr Takeshita said the Government and people of Japan were "profoundly aware that Japan's past actions had inflicted great suffering on the peoples of nearby lands. Based on our regret for what happened and our determination that it shall never happen again, we have been following a path of a nation oriented towards peace."

He said the sense of regret should be borne in mind particularly in Japan's relations with the Korean peninsula, with which the country had close

relations historically and geographically.

The statement was conveyed to North Korean leaders by a delegation of the Japan Socialist Party that left Tokyo for Pyongyang yesterday. The JSP, Japan's largest opposition party, has maintained close relations with North Korea despite the absence of diplomatic relations between the two countries.

The rapprochement process began last September when Japan lifted some sanctions imposed in January, 1988 over the destruction by North Korean agents of a South Korean airliner. In January, the Japanese Government permitted for the first time a delegation from the North Korean Workers' Party to visit JSP leaders in Japan.

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Police try to end Hyundai strike with dawn raid

By Maggie Ford in Seoul

NINE thousand riot police conducted a dawn raid on strikers at the shipyard owned by Hyundai Heavy Industries yesterday to end a stoppage which has lasted for three months.

Striking workers had disappeared by the time the police mobilised their attack and there were no clashes. About 600 strikers were still being sought and but police said most would be released after investigation.

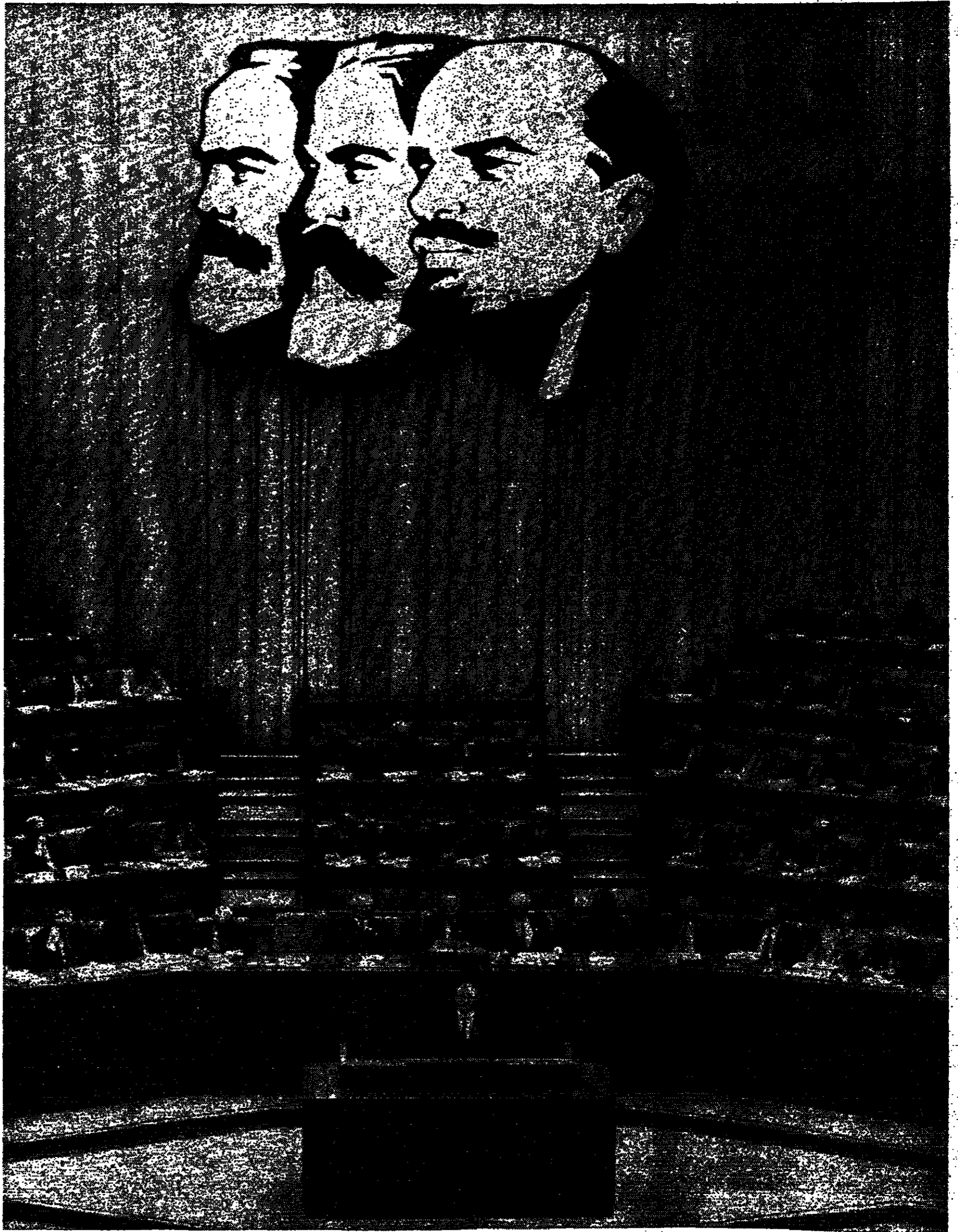
The strike has been the most bitter this year, with both sides accusing the other of intimidation. A number of union leaders have been arrested and 20 were beaten badly by a group of thugs several months ago.

A government statement said that both management and workers had been victims in the strike and that in future

they should sit down at the bargaining table so that police would not need to interfere. Both opposition parties criticised the mobilisation of police.

The yard has been working partially during the dispute and a number of outside groups including politicians and local community groups in the town of Ulsan, where the yard is located, have tried to mediate.

Under South Korean law, only one union is allowed at each company. In some cases a "pro-company union" has been registered, leaving the "democratic union" without legal status. The strike has caused great public concern recently because of the delicate political situation with hardliners in the military who have been criticising what they see as mounting chaos in the country.



OVERSEAS NEWS

Tunisia prepares for Islamic challenge

Francis Ghilès assesses the prospects for Sunday's general election

THE performance of Tunisia's largest radical Islamic party in this Sunday's general elections is the focus of attention in what has so far been a remarkably keen campaign.

This is despite the fact that the party - *Mouvement de la Tendance Islamique*, renamed *Parti de la Renaissance* - is not yet authorised and that most of its leaders, including Mr Rashid Chamoussi, have yet to recover their civil rights. They lost these in the last months of the presidency of Mr Habib Bourguiba, who was deposed in November 1987 by Mr Zine El Abidine Ben Ali, at that time Prime Minister, when they were organising daily street battles with the police.

Presidential elections are also taking place on Sunday, but Mr Ben Ali is unopposed. Although he remains chairman of the *Rassemblement Constitutionnel Démocratique*, the party which has held a monopoly of power since independence (until last July under the name of Socialist Destour Party), Tunisia's second head of state has presided over a minor revolution in the politics of North Africa's smallest country.

Political prisoners have been freed. Torture is no longer practised. Competence has increasingly become the yardstick for appointments to

senior posts, and newspapers are free to publish a far broader spectrum of views than hitherto. The complex social and economic issues which confront Tunisia are openly debated.

A number of parties are presenting candidates on Sunday, although the winner-take-all system, in very large constituencies, gives the RCD an inbuilt advantage.

The main opposition party of the early 1980s, Mr Ahmed Mestiri's *Mouvement des Démocrates Socialistes*, is not attracting much support. The MDS made its name by campaigning against the increasingly intolerant and corrupt methods of government under Mr Bourguiba, but many of its most active supporters, who were former members of the old Socialist Destour Party, do not understand why their

leader spurned the opportunity of joint lists with the RCD, especially since the RCD has made a determined effort to put up fresh candidates. Only 25 of the former 141 MPs are standing for re-election.

Radical Islamic activists present a far more serious challenge. At meetings up and down the country, their "independent" candidates are attracting large and youthful crowds.

They denounce the monopoly of power held by one party, the corruption of justice and the privileges of the new rich class which has sprung up in the past ten years, and they emphasise support for the Palestinian uprising. Their supporters are not afraid to back candidates who would like to end of one of Mr Bourguiba's contributions to the Arab world's most secular state - the emancipation of women.

In Sfax, Tunisia's second largest city, two leading "independent" candidates have published a pamphlet arguing that women are "objects made to satisfy the desires of their husbands." They do not believe men and women should mix in public, and at their meetings women wearing a *chador* sit apart from the men. They have not been shy of attacking the head of state for "heresy."

And yet, since he took over from Mr Bourguiba, Mr Ben



Ben Ali: unopposed

All has reopened the old Koranic university of the Zitouna in Tunis, set up a new one in the holy city of Kairouan, encouraged the restoration of old mosques and made clear his respect for Islam.

The RCD, meanwhile, has tried to run an American-style campaign, complete with musical evenings and other festive events. Women figure prominently on many of its lists, and its meetings are attracting large crowds, most notably last Saturday in Kairouan, where Mr Hedi Baccouche, the Prime Minister, argued forcibly in favour of keeping religious issues out of the debate.

He was only repeating what the President has made abun-

dantly clear in recent months, that he will not accept political parties whose platforms are predicated on race or religion.

Some opposition candidates in rural constituencies have not found it easy to argue their case. Less educated country folk - about 40 per cent of all Tunisians are illiterate, despite the massive investment in education since independence - cannot always conceive of a "loyal opposition", and some have beaten up non-RCD campaigners. But, unlike in any previous election, provincial governors are being scrupulous in honouring Mr Ben Ali's instructions, to be fair and to be seen to be fair.

The relaxed atmosphere of this campaign contrasts sharply to the mood in the 1981 elections, when opposition candidates were frequently harassed and the results "cooked", let alone in 1986, when opposition candidates withdrew in disgust at the methods of the ruling party before polling day.

It is impossible to guess whether the "independents" will gain any seats or what percentage of the vote they might poll. What is certain is that they will, in the months and years ahead, and as they already do in Algeria and Egypt, continue to present the Tunisian authorities with their greatest challenge.

South African activists leave British embassy

By Jim Jones in Johannesburg

SIX black South African activists who sought refuge in the British embassy in Pretoria on Wednesday left the building yesterday afternoon under considerable pressure from embassy staff.

The six, who until recently had been detained without trial, had entered the embassy in the hope of persuading the British Government to intervene with the South African Government to lift restriction orders placed on them on their release from jail.

The official British position was that the six were not helping their case by remaining in the embassy.

They were persuaded to leave by staff who declined to give them food or bedding and refused to allow them to use the embassy's lavatories and telephones.

As a result they were unable to contact their lawyers and had to be fed from journalists outside the embassy gates.

Britain's handling of the affair has been condemned by anti-apartheid and civil rights groups.

At a public meeting of the Hunger Strike Crisis Committee in Johannesburg yesterday, Dr Max Coleman of the Human Rights Commission said the British Government had

thrown away an opportunity to show its rejection of political detention.

Mrs Audrey Coleman of the Detainee Aid Centre said: "By taking this hard-line attitude the British government is siding with the South African Government in upholding the system of apartheid and detention without trial."

Dr Coleman said that about 600 detainees were still being held without trial in South Africa and its black homelands and that about three quarters are on hunger strike.

South Africa's Appeal Court in Bloemfontein yesterday overturned the convictions of three black men who had been sentenced to hang for a politically-related mob killing in 1985, Renter reports from Johannesburg.

The country's highest court found the convictions and death sentences handed down by the Eastern Cape Supreme Court in September 1987 were based on unreliable evidence and on mistakes made by the court.

The three were among 10 people convicted of being part of a mob which set fire to a house in the eastern Cape province during countrywide political unrest in 1985. Three women were burned with pet-

rol and later died.

The convictions were based on the doctrine of common purpose, under which people can be found guilty of murder for being part of a mob which carries out a killing, even if the individuals charged do not carry out the killing themselves.

The common purpose doctrine has been applied in several trials arising from the township violence in 1984 to 1987. The most prominent case was that of the "Sharpeville Six", who were reprieved from a death penalty last year by President P.W. Botha after pressure from foreign governments.

The three men who had each faced triple death sentences were Mr Mxolisi Matlaga, Mr Michael Mambaukwe and Mr Lulamile Ana Mamele.

In a separate case, the South African Appeal Court upheld death sentences against Mr Siziford Lelampe and Mr Rodney Moloi, two men found guilty of being involved by common purpose in the "necklace" murder of a black policeman in Tembisa township near Pretoria in 1986.

The "necklace" involves putting a petrol-soaked rubber tyre around the victim's neck and setting it alight.

Iran seeks improved links with Moscow

By Victor Mallet

DR ALI Akbar Velayati, the Iranian Foreign Minister, flew to Moscow yesterday to try to strengthen ties with the Soviet Union at a time when relations between Iran and the West have been particularly strained by the Rushdie affair.

Iran, meanwhile, ordered the expulsion of the Swiss consul in Tehran, apparently in retaliation for Switzerland's demand that the Iranian consul in Geneva should return home after being accused of spying on Iranian emigres.

Dr Velayati was carrying a message for President Mikhail Gorbachev from President Ali Khamenei, according to the Iranian news agency. "The Islamic Republic has always favoured an expansion of ties with the Soviet Union based on good-neighbourly relations," Dr Velayati said.

His trip follows visits to Tehran and Baghdad by Mr Eduard Shevardnadze, Soviet

Foreign Minister, on his recent tour to promote Arab-Israeli peace talks and consolidate the Gulf war ceasefire.

After the angry Western response to Ayatollah Ruhollah Khomeini's call to Moslems to kill the novelist Mr Salman Rushdie, some Iranian officials have suggested that Iran will increase its trading links with communist nations at the expense of Western interests.

Ayatollah Khomeini, however, has consistently opposed both communism and capitalism, and Moscow is no more well-disposed towards Islamic fundamentalism than the West. Indeed, the large Moslem communist bloc within the Soviet Union make it especially wary of Moslem extremists.

An earlier message from Ayatollah Khomeini to President Gorbachev exhorted the Soviet leader to abandon communist ways and turn to Islam.

Wheat shortage prompts growing anger in Egypt

By Barbara Stavin in Cairo

EGYPT is facing a severe and politically sensitive wheat shortage at a time when new credit for purchases abroad has dried up because of arrears on past loans.

Long, angry lines have been forming in front of bakeries and reports that substantial quantities of wheat and flour are being siphoned off to the black market, where they bring a far higher price than the heavily subsidised round loaves of Arab bread.

In an attempt to stem the outflow, the Ministry of Supply has posted guards at government bakeries. The ministry is believed to have held back some supplies to be released next week at the start of Ramadan, the Islamic month of fast. But the reserves will be exhausted by the summer.

Western agricultural experts estimate that Egypt, which consumes about 8m tonnes of wheat a year, is short of about 1.5m tonnes needed to carry it through October when it will be eligible for a new fiscal year's supply of US food aid.

Contrary to reports in Egypt's imaginative opposition press, the country this year received its full complement of American wheat - \$170m worth financed by long-term, low-interest credits (the PL480 programme) and an additional \$200m worth of wheat on credit guaranteed by the US Government (so-called GSM102). But due to the higher price of

wheat following last year's severe drought the aid bought less grain than expected.

In the meantime France and Canada have suspended new credits because of Egypt's failure to meet payments on old loans. Australia, Egypt's second largest wheat supplier after the US, is continuing sales but phasing out government-guaranteed credits by 1993.

Egyptians are hopeful of getting some additional wheat from Italy and the European Community, but will still have to resort to the open market for some supplies, a painful prospect.

Shortages of foreign currency and food are intensifying pressure on Egypt to reach an accord with the International Monetary Fund. The Egyptians, whose President, Mr Hosni Mubarak, travels to Washington this weekend, are also trying to unlock \$230m being withheld by the US Congress until Egypt undertakes "significant" economic reforms.

Given this background, expectations have been running high that Saudi Arabia, whose King Fahd is currently visiting Egypt, would extend loans for the import of staple foods. Two years ago the Saudis made Egypt a gift of Saudi wheat, but the Egyptians would prefer cash because the soft Saudi wheat is said to gum up milling equipment.

Swapo backs ceasefire

SWAPO, the Namibian nationalist guerrilla group, said yesterday it would respect a ceasefire in its bush war with South Africa, hammered out as part of a UN-supervised independence process to be launched on Saturday, Renter reports from Windhoek.

Mr Daniel Tjongarero, Swapo's acting chairman, said the group was fully committed to the deal which will bring independence from South Africa some time next year.

The agreement, signed last December by South Africa, Cuba and Angola, provides for independence for the world's largest remaining colony in exchange for the withdrawal of 50,000 Cuban troops from

neighbouring Angola.

It also provides for a ceasefire at 6 a.m. on Saturday in the war Swapo has waged against occupying South African military forces since 1966.

In another conciliatory move, Mr Tjongarero said the African National Congress (ANC), committed to overthrowing white rule in South Africa, would not be allowed to establish guerrilla bases in an independent Namibia ruled by a Swapo government.

This was an apparent contradiction to a statement made earlier this month by Mr Sam Nujoma, Swapo chairman.

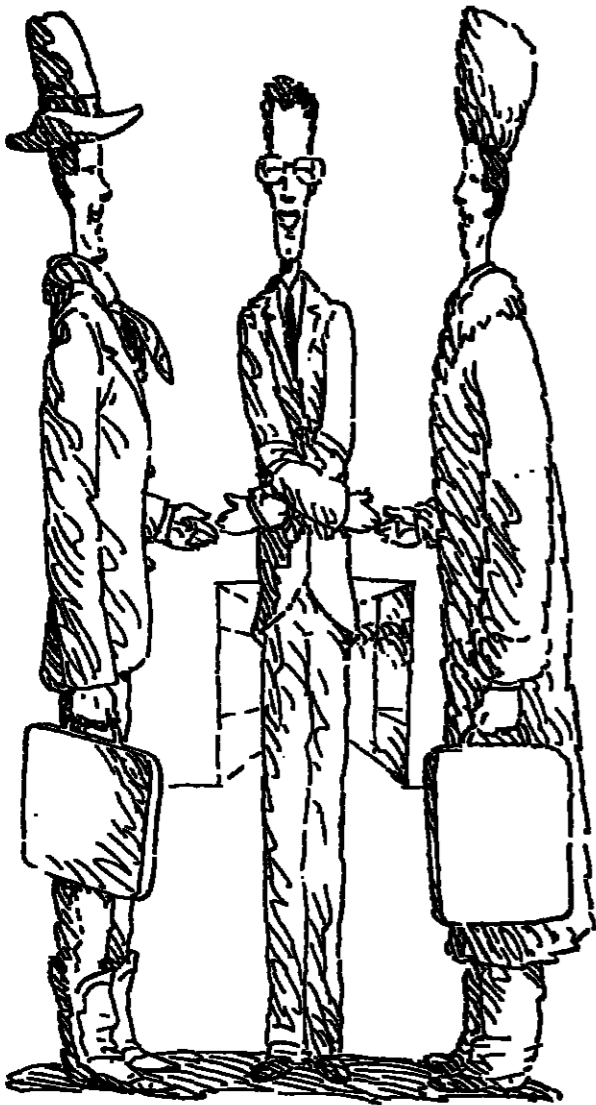
Mr Tjongarero also played down calls by activists to boycott ceasefire celebrations.

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AMERICAN NEWS

Milken faces unparalleled penalty

By Anstole Kaletsky in New York.

MUCH of the criminal indictment filed by the US government on Wednesday night against Mr Michael Milken essentially repeats a series of charges brought last September against the Wall Street firm which he built up and came to dominate, Drexel Burnham Lambert.

Most of the allegations involved in the Drexel prosecution, in turn, were just repetitions of cases already covered in the Ivan Boesky insider trading case nearly three years ago.

But while the government's failure to expose more novel scandals may have come as a disappointment to some of the more jaded sensation-seekers on Wall Street, the very consistency of its charges appears to be the bedrock on which its case is built.

For the essential theory of the indictment is disarmingly simple, despite its 110 pages of legalistic prose and the 96 separate crimes, some of them highly technical, which it details.

The general allegation made is that Mr Milken was actually the mastermind behind most, if not all, of the crimes and securities violations previously disclosed in the cases against Mr Boesky and Drexel Burnham Lambert.

Indeed, the government states that many of Mr Boesky's illegal transactions were actually carried out under direct orders from Mr Milken on the understanding that Drexel would keep any profits and indemnify the Boesky partnerships against possible loss.

Now, many of these crimes have already been proven, or at least admitted, not only by Mr Boesky, but also by Drexel as a corporate entity and by the key executives of the firm.

Thus, the main issue which Mr Benito Romano, the US

Attorney in charge of the case, will have to prove to a New York jury will not be whether the crimes were actually committed but simply that Mr Milken was indeed the key decision-maker in each case.

Criminal intent, rather than factual issues, will probably be the biggest stumbling block for the prosecution. To win his case Mr Romano will have to demonstrate not only that Mr Milken violated the laws on insider trading, investment disclosure and stock parking, but that he did so knowingly and with a criminal intent.

As Mr Jeffrey Rosen, a former SEC attorney practicing at Rosen & De Martino in Washington, observes, "negligence, or even sharp business practice does not always equal criminality. In an offence like non-disclosure the defendant's state of mind is absolutely essential. If he can prove that he didn't think his actions were materially significant or even that he just forgot about some of the regulations, then he might still be civilly liable. But he would not be guilty of a crime."

In relation to past sentences meted out for crimes like stock parking and disclosure violations, the kind of penalties being requested in the Milken case - 20 years of imprisonment and financial penalties of \$1.5bn - appear disproportionate. Indeed, the 96 securities fraud and insider trading charges presented against Mr Milken and his two associates, each carry maximum sentences of only five years and fines of \$250,000 plus restitution of any illegal profits.

But this is where the racketeering charges against Mr Milken come in. Under the racketeering statute, a pattern of criminal activity can turn into a much more serious matter than any of the individual

crimes on their own. The penalties under RICO are virtually limitless. Not only would Mr Milken have to give up all of his accumulated income and gains from working at Drexel, he would be liable to civil suits for up to three times the profits he had made - in theory, as the indictment points out, the civil penalties could come to a further \$3.7bn.

Proving criminal intent will be the biggest problem for the prosecution

But the use of RICO against securities criminals is still more a matter of legal theory than practice. As Mr Ira Sorokin, a former US prosecutor points out, "the financial penalties in the indictment are certainly not realistic figures, any more than the 500 years in goal you could arrive at by adding up the maximum penalties for each of the 96 counts."

Only one RICO case has so far been brought to court, the prosecution of Princeton/Newport Partners and legal experts are doubtful about the government's chances of success.

How then could prosecutors hope to demonstrate Mr Milken's criminal intentions? The surest way would be with written documents or taped telephone conversations, but lawyers point out that the three-year long investigation might have ended much sooner if any such "smoking guns" had been found.

The second best way will be with evidence from former associates from Drexel, many of whom have now agreed to testify in exchange for immunity from prosecution. The

least reliable way of implicating Mr Milken will be with evidence from Mr Boesky, Mr Jeffrey and other acknowledged criminals. After all, trying to pin the blame on somebody else as "Mr Big" is the oldest trick in the book for the criminal fraternity. And it is one that jurors are known to resent and suspect.

That leaves one other approach that may be attempted by the prosecution - to emphasize the profits made by Drexel and Mr Milken from their allegedly illegal trades. Unfortunately for the government, this avenue does not seem very promising for the simple reason that none of the offending transactions were particularly profitable, certainly in relation to the sums of money Mr Milken made in the rest of his work. Indeed, the biggest illegal deal that Mr Milken was said to have been involved in - a speculation in Harris Graphics stock he allegedly conducted through Mr Boesky - produced a profit of only \$8.5m.

Would Mr Milken really have risked his immense wealth and reputation for such fooling gains? The government's indictment suggests an intriguing and controversial answer to this question, in case after case it suggests that Mr Milken was actually manipulating the markets not for direct personal gains but in order to win corporate business for Drexel or intimidate potential adversaries in takeover battles.

If that could be demonstrated, then Mr Romano would have a case that would indeed shake the financial world to its foundations and ultimately implicate even more of the great figures of Wall Street's recently eclipsed golden age.



Milken: man who invented the junk bond

Paying the price for man who invented an entire market

By James Buchan in New York

SUCCESSFUL US investment bankers have always been highly paid. But never, in the history of Wall Street or any market for business capital, has anybody been paid the wages of Michael Milken.

In 1987, according to a grand jury indictment, Mr Milken was paid \$50,054,000 in direct compensation by Drexel Burnham Lambert, the Wall Street investment firm. This is more than all but the first 50 or so US corporations earned that year. In the four years before that, Mr Milken allegedly took home to his modest ranch house in a Los Angeles suburb a further \$59,623,000.

These astonishing sums are more than just pieces of Americana or symbols of bull-market excess. They are significant for two reasons. If the government has got it right, Mr Milken, who is 42, was much more important to Drexel Burnham than even Wall Street thought.

This raises new questions about the firm's chances of remaining a top-flight investment firm without him.

Key to case

Mr Milken's pay is also the key to the prosecution's case. In effect, the US Attorney in Manhattan is saying that Drexel Burnham was simply a giant money-laundering operation, sucking in illegal profits from Mr Milken's alleged securities frauds and paying it out to him in harmless wages.

Nobody on Wall Street now doubts Mr Milken's significance. Son of a California accountant, Mr Milken invented an entire new capital market for US companies too small, new or ill-capitalised to raise long-term loan money from traditional investors.

Mr Milken, a brilliant and difficult man with enthusiastic supporters and detractors, popularised the so-called "junk bond", a security much riskier than traditional bonds but with much higher interest rates to compensate. This market is now worth an estimated \$180bn.

In the early 1980s, Mr Milken went one step further. He raised junk-bond money for shell companies and corporate raiders to take over and break up giant and long-established corporations. It was during this period, particularly between 1984 and 1986, that Mr Milken made enemies all over corporate America.

The indictment also alleges that he manipulated, bullied and deceived companies in this period, earning Drexel Burnham fees and trading profits that were paid back to him and his associates in wages and company stock.

In a key passage, the indictment says: "Nearly all of the unlawful proceeds from these racketeering activities allegedly were paid first to (Drexel Burnham) and then were passed on to the individual defendants, among others, in the form of extraordinary levels of compensation and substantial stock ownership in (the firm)."

In the most startling allegations in the grand jury indictment, Mr Milken is alleged between 1983 and 1986 to have skimmed away in compensation 28 to 44 per cent of the gross revenues of Drexel Burnham Lambert's junk bond department in Beverly Hills. And junk bonds were Drexel Burnham's mainstay in 1983 and 1984, Mr Milken's team allegedly earned between 75 and 80 per cent of its profits.

Mr Milken and his brother even charged Drexel Burnham \$11.2m for the rent of the Beverly Hills offices between 1984 and last year.

Drexel Burnham made its peace with the prosecutors late last year, promising to pay \$650m in penalties and withhold Mr Milken's 1988 compensation. But the price could be higher.

Sliding share

With its premier financier on a leave of absence, the firm's share of the lucrative junk bond market, which was around 50 per cent of all public new issues in the middle of the 1980s, is sliding. In the first quarter of this year, according to Securities Data, Drexel Burnham underwrote only 13.6 per cent of new issues.

These figures do not include private issues, and are probably an aberration. But it is quite clear that firms such as Goldman Sachs, Merrill Lynch, First Boston and Morgan Stanley have taken advantage of the turbulence at Drexel Burnham and Mr Milken's absence to muscle in on the market he created.

Wall Street thinks Drexel Burnham Lambert will survive and comfortably, but it will never prosper as it did under Mr Milken.

Use of draconian law stirs bitter debate

By Janet Bush in New York

THE US Government's use of the draconian Racketeering Influenced and Corrupt Organizations Act (RICO) against securities fraud has stirred up an old and bitter controversy about the law's threat to civil liberties.

The criminal RICO indictment late on Wednesday of Mr Michael Milken, his brother Lowell and Mr Bruce Newberg, a former trader at Drexel Burnham Lambert, highlights some of the major concerns, particularly over the forfeiture of assets before trial.

Mr Ira Glasser, executive director of the American Civil Liberties Union - which has consistently criticised the RICO law - believes that the widespread practice of seizing assets of an enterprise merely upon an accusation of a RICO violation is perhaps the worst abuse of the law as it undermines the most basic tenet that a person is innocent until proved guilty.

"RICO turns up anywhere a prosecutor wants and gives him so much leverage that, instead of trial by the fair means worked out over centuries, we now have trial by extortion," he said.

The demand by the Grand Jury that Mr Milken forfeit \$1.7bn of his assets - which under RICO can be frozen before trial - is widely being interpreted as a government attempt to bludgeon him into a settlement. The threat of RICO persuaded Drexel Burnham to settle in a pre-bargaining arrangement, through which it would pay the Government \$650m and plead guilty to six felonies.

The ACLU argued at the time that RICO was passed in



1970 as a method of attacking organised crime rackets hiding behind legitimate businesses. The law was written so loosely that practically any crime could be prosecuted. Nineteen years later, that threat has become fact.

Intense passions have been ignited by the government's use of the law to harrass owners of adult book and video stores, an anti-pornography campaign begun in early 1988 by the Justice Department, then headed by the now-discredited Mr Edwin Meese.

The government recently got its first conviction against a book seller using RICO. A Virginia couple were ordered to hand over the entire contents of three book shops and video rental shops although the jury found that very few videotapes

were sexually explicit.

"Customers could rent anything from Star Wars to Casablanca," the ACLU said.

It recently sent out a mail shot highlighting this issue. Its letter to the public stated: "The attack on your First Amendment Rights was begun by the Reagan/Bush/Meese Justice Department in the guise of an all-out 'war on sex'. To prosecute this war, the government's self-appointed morality squad began using - or misusing - a law called RICO."

Recently, an important civil rights victory was won when the Supreme Court examined a case involving Fort Wayne Books, a chain of adult book shops in Indiana which had been found guilty of selling obscene publications.

A local prosecutor then filed a civil RICO action against the chain, asking for and getting authorisation to seize its assets, even before the case went to court.

The Supreme Court last week struck down the section of Indiana state law which authorised the seizure of assets before trial, citing the First Amendment. However, its judgement was limited only to civil rather than criminal RICO cases, and only related to assets protected under the First Amendment.

There has at least been talk about using the law to close down crack houses, buildings taken over by drug dealers to process and deal in the drug. RICO was used to prosecute the landlord - who may not be involved in the dealing but may be too terrified to turf the gangs out - and to seize his property.

Two years ago, when there

was a series of bombings of abortion clinics by pro-life activists, there were a number of attempts to sue anti-abortion groups using RICO.

Under the RICO law, two criminal acts not only may constitute a pattern of racketeering but, if perpetrated by individuals from a political group, would characterise the group itself as a corrupt enterprise and threaten seizure of all its assets.

The Fort Wayne Supreme Court decision was important, Mr Glasser said, because it was the first time RICO was limited.

Another avenue is a bill being considered in the Senate Judiciary Committee which would require a civil RICO case to prove that the organisation itself was guilty of an offence under the act, not just the individuals belonging to it. It would also limit the current liability to triple damages which can be used to bludgeon someone into settling.

Mr Glasser believes there is a long way to go to amend the law but there are now enough targets of the act that it has become something of a popular issue.

"We now have an unlikely alliance of drug pushers, porn sellers, organised crime and securities dealers all fighting RICO," he said. "The problem has been that civil libertarians do not see the threat until people like are victims."

Now the financial establishment is questioning RICO because its own are being threatened; and liberals, who cheered when the act was used against the Mafia or Wall Street, worried because book shops are being closed down.

Factory orders in US decline again

By Anthony Harris in Washington

NEW orders for US manufactures fell by 2.3 per cent, seasonally adjusted, between January and February, after falling a revised 1.2 per cent in January, the Commerce Department announced yesterday.

This is the first time for three years that orders have fallen in two successive months, and it reduces the rise over the last three months 1.3 per cent, below the recent rate of price inflation in manufactures.

At the same time it was announced that for the second successive year US companies are planning to increase investment in their foreign subsidiaries substantially faster than in their domestic base. They are planning a 12 per cent increase for 1989, compared with a 6.9 per cent increase in domestic spending; last year they raised their foreign investment by 24 per cent, against a 16 per cent increase at home.

The figures are likely to intensify concern about both growth and competitiveness. Earlier in the week the President's chief economic adviser,

Dr Michael Boskin, conceded that growth might fall below Administration projections because of tight monetary policy, but claimed that recovery in the dollar had not gone far enough to damage the competitive position of US manufacturers.

The fall in orders, while it confirms other recent evidence of a slowdown, mainly because of weak markets in housing, cars and computers, does not at this stage suggest a recession. Order books rose again, for the 27th successive month, and inventories remained tight, except in computer and telecommunication components, where there were acute shortages some months ago. Another sign of continued growth was a reported 14,000 fall in weekly new claims for unemployment benefit.

The biggest fall in new orders was an erratic 19.8 per cent fall in the booking of new aircraft orders; the industry is currently unable to meet demand. There were also sharp falls in computers (down 11.6 per cent), steel (12.3 per cent), and in construction materials and supplies.

Colombia bank on cocaine money charge

By Richard Donkin

A COLOMBIAN bank and its Panamanian branch have been charged in the US with involvement in a \$1bn conspiracy to launder the proceeds of cocaine sales for Colombian drug barons.

Announcing the charges on Wednesday, Mr Dick Thornburgh, the US Attorney General said indictments by a federal grand jury in Atlanta accused the Banco de Occidente of Panama and the Banco de Occidente de Colombia of conspiring to transfer funds from the US to foreign accounts controlled by Colombia's Medellin cocaine cartel.

Officials at the Banco de Occidente head office in Cali, western Colombia, said the bank was strenuously denying any involvement in laundering.

Mr Thornburgh said 127 people have been charged in what he described as "the largest money-laundering racket ever carried out by the federal government". Authorities have seized a half-ton of cocaine and \$45m in cash, jewelry and real estate, and have identified more assets for potential seizure, he said.

IMF agrees Venezuela credit

By Stephen Fidler, Euromarkets Correspondent

THE International Monetary Fund has cleared a \$450m credit for Venezuela, expected to be the first part of around \$4.5bn in IMF loans to the country in the next three years.

As customary with first credits - until recently Venezuela had a reserve position with the Fund - the country only needs to cooperate with the IMF in an effort to solve its

balance of payments problems to be eligible. The \$450m, maturing in three to five years, will be available immediately.

In each of the three years until end-1991, IMF loans totalling \$1.5bn are expected for Venezuela. The remainder of the credits - with maturities of 4 1/2 to 10 years - are expected to be made under a so-called extended fund facility, one of the largest ever for a

country with debt problems. That facility, which could be agreed in June or July, would involve the signing of a letter of intent and the agreement of economic targets.

The request for credits predates the debt proposals made earlier this month by US Treasury Secretary, Mr Nicholas Brady, and it is not known how this will affect Venezuela's total financing package.

Court rules in favour of Occidental

By Joseph Mann in Caracas

VENEZUELA'S Supreme Court has ruled in favour of Occidental Petroleum, of the US, regarding a large financial claim the oil company filed in May of 1977 against the Venezuelan government.

The two-month-old government of President Carlos Andres Perez was eager to get rid of this legal albatross, which for years gave foreign investors a bad impression of Venezuela's judiciary system. The government is suffering from severe financial problems and wants to improve its international image.

Occidental filed a law suit 12 years ago in connection with

oil exploration work it carried out for the Venezuelan government in Lake Maracaibo under a service contract signed in 1971. The company was to receive compensation for exploration costs, plus a share of future oil production if it discovered petroleum in commercial quantities. Occidental asserted that it did find commercial volumes of crude oil and that the government refused to comply with the agreement.

The decision represents a major victory for Occidental, which tried unsuccessfully to obtain court action under three successive Venezuelan admin-

istrations. It is also unusual since it is the first time in recent memory that Venezuela's High Court has ruled against the executive branch and in favour of a multinational company.

It is not clear how much money Occidental will obtain from the ruling. In its 1977 claim, company sought to recover the bolivars 181m it had invested in an exploration programme. Twelve years ago, this sum was worth \$2m at the prevailing foreign exchange rate. At today's free market exchange rate, however, the same number of bolivars would be worth only \$5m.

FT LAW REPORTS

A digest of the Hilary Term cases

VESTA v BURCHER
(FT, February 3)

A fish farm in Norway was insured with Vesta, a Norwegian insurance company, which reinsured the liability with the underwriters on a Lloyd's form J1. The original insurance specified a 24-hour watch was to be kept on the farm and there was breach of that warranty. However, the insurance was paid out because under Norwegian law the breach of the warranty had to be causative of the loss before a policy was rendered null and void and in the instant case, the damage had been caused by storm. The reinsurance policy contained a "follow settlements" clause and a claims control clause in respect of the reinsurer's submission that they did not have to pay the liability under their reinsurance on the grounds that the breach was not a breach in English law, the House of Lords stated that in the absence of any express provision to the contrary in the reinsurance policy, a warranty had to produce the same effect in each case as it did in the original.

CUSTOMS AND EXCISE COMMISSIONERS v FINE ART DEVELOPMENTS PLC
(FT, February 7)

Fine Art charged its wholesale customers less than the prices charged by them on sale by retail but it accounted for its output tax on the cards' retail value on direction by the Commissioners of Customs and Excise. After that decision had been successfully challenged, a new direction was issued to account for VAT on the basis of prices actually charged to its customers. In its appeal, Fine Art's argument was that section 14 provided that a taxable person should pay tax by reference to "prescribed accounting records" and that he was entitled at the end of each period "to credit for so much of his input tax as is allowable . . . and then to deduct that amount from any output tax that is due." It was impossible to construe and apply the statutory return form other than as providing for the crediting of excess.

METALL UND ROHSTOFF AG v DONALDSON LUFKIN & JENNETT INC AND ANOTHER
(FT, February 8)

Metall traded on the London Metal Exchange through brokers, AML, which was a subsidiary of the first defendant, a US corporation. One of Metall's traders traded in fraud of Metall and officers of AML connived at the fraud. Judgment was entered against AML for over \$20m of which more than \$40m was unpaid. AML was wound up and Metall sought to recover from the defendants out of the jurisdiction under RSC Ord 11 rule 1(1)(c) on

the ground that the claim was founded on a tort and the act was committed within the jurisdiction. Allowing an appeal in part by the defendants, the Court of Appeal held that with regard to the claim for procurement of breach of contract, while the alleged acts of inducement took place largely in New York, the breaches of contract took place in London where the damage was sustained. With regard to conspiracy, however, it was an insuperable obstacle to the conspiracy claim, since Metall was unable to contend that the sole or predominant purpose of the agreement and its performance was to cause it injury (see *Lombard v Shell* [1982] AC 109).

ELKINWORTH BENSON LTD v MALAYASIA MINING CORPORATION BERHAD
(FT, February 10)

In order for a subsidiary of the defendants, MMC, to trade on the London Metal Exchange, MMC negotiated a loan facility of up to £2m with Elkinston Benson on the basis of a letter of comfort. Paragraph 3 of the letter stated that "it is our policy to ensure that the subsidiary business is at all times in a position to meet its liabilities to you under the above arrangements." The facility was increased to a maximum of £10m under a second comfort letter on substantially the same terms. When the subsidiary went into liquidation and Elkinston called upon MMC to pay, it was held that the parties intended the letter to have effect as a contractual term. In allowing MMC's appeal against that decision, the Court of Appeal held that paragraph 3 was a statement of present fact. It was clear that the comfort letter, to which the parties resorted after MMC had refused to assume joint and several liability or to give a guarantee, was known by both sides to place it under a moral responsibility to ensure payment but not under any legal liability so to do.

THE DOMINIQUE
(FT, February 14)

The owners of the *Dominique* had assigned all her earnings including freight to the Bank of Boston (formerly the Colonial Bank). The vessel was arrested in Colombo where the charterers obtained leave from the court to discharge the cargo, which was subsequently transhipped to another vessel for carriage to European ports. Those costs exceeded the amount of advance freight claimed from the charterers by the bank, and the charterers successfully disputed their liability before the Court of Appeal on the ground that they were entitled to set off their repudiation claim against the owners' freight claim. Allowing the bank's appeal and restoring the first instance decision in its favour, the House of Lords stated that it was a long-established rule of English law that a cargo owner was not entitled to set up a defence arising from the ship-

owner's breach of contract as a defence to a claim for freight. The continued existence of the rule was unanimously approved by the House in *The Atlas* [1977] 1 WLR 185, and the indefensibility of an accrued right to advance freight was left unaltered by the Law Reform (Frustrated Contracts) Act 1943.

IN RE TEXTRON
(FT, February 15)

Textron had entrusted the task of renewing its patents to a patent agent but the details of a patent were expunged from the agent's computer system. The renewal fee was not paid and the patent expired but Textron received a reminder notice from the Comptroller. The legal assistant, deputised to deal with patent renewals, did not follow the prescribed procedures and the patent lapsed. Textron's application under section 28 of the Patents Act 1977 to restore the patent within the prescribed period was refused. A decision was upheld at first instance and by the Court of Appeal. Allowing Textron's appeal, the House of Lords stated that the fees had not been paid because of "circumstances beyond [the proprietor's] control, under the terms of a contract, in that he had been entitled to assume that the legal assistant would carry out instructions; it was not within a proprietor's control to ensure that an agent or servant invariably obeyed instructions.

REGINA v THE LICENSING AUTHORITY, EX PARTE SMITH KLINE AND FRANCIS LABORATORIES LTD
(FT, February 17)

In the instant case, the question was whether English law prohibited the licensing authority from having recourse to the confidential information provided by Smith Kline on their initial application for a patent for the drug cimetidine, when considering applications by other drug firms for licences of right. Dismissing Smith Kline's appeal from a Court of Appeal decision that the licensing authority could refer to such information, the House of Lords stated that it was for the licensing authority to compare the information received from the first and second applicants, and to take into account all other available information, confidential or not, in deciding whether an application should be declined or granted so to satisfy itself that both products were similar, safe, effective and reliable.

HOLMES v BANGLADESH STEAM CORPORATION
(FT, February 15)

Mr Holmes was killed in an air crash as a passenger on an international Bangladesh flight on an airliner operated by the appellants. In an action by his widow, the appellants contended that the relevant Bangladesh legislation was applicable so that the damages were limited to \$213. Mrs Holmes said that the contract was carriage by air in respect of

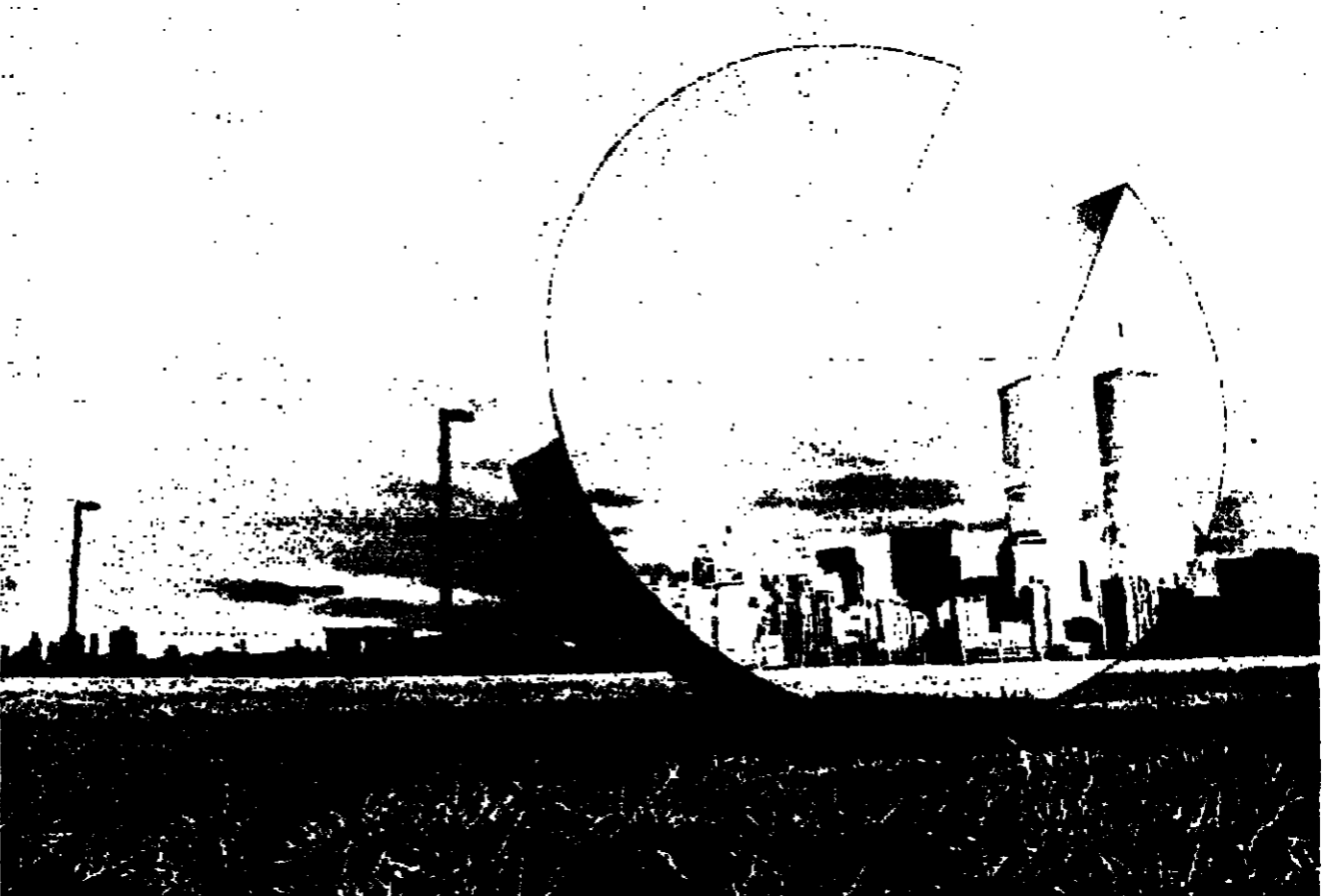
which Schedule 1 to the Carriage by Air Act (Application of Provisions) Order 1967 had effect. Allowing the airlines' appeal, the House of Lords stated that section 10(1) of the Carriage by Air Act 1961 conferred an enabling power to apply the provisions of the Hague Convention "to carriage by air to which the Convention applies Thus contracts of carriage by air in direct flights between two non-convention countries was of no concern to the UK legislature. A *fortiori* that applied to carriage in which the departure, destination and stopping places were all within the territory of a single foreign state. A contract made and to be performed wholly within the territory of a foreign state would normally be subject to the laws of that state and to no other.

RE STATE OF NORWAY APPLICATION (NO 1 and NO 2)
(FT, February 22)

Under the Evidence (Proceedings in Other Jurisdictions) Act 1975, section 1(b), the High Court can make provision for obtaining evidence provided that the evidence is to be obtained for "the purpose of civil proceedings Under section 8(1) "civil proceedings mean proceedings in any civil or commercial matter in a retrospective tax assessment on the estate of a deceased Norwegian ship owner. Letters rogatory were addressed to the High Court to obtain oral evidence from the English advisers to two of the trusts involved. The Court of Appeal set the order aside and the State of Norway and the estate appealed. Allowing the appeal, the House of Lords stated that the words "civil or commercial matters" in the 1975 Act could not be construed with reference to any internationally acceptable meaning but by reference to the systems of law in the requesting court and the country addressed. The evidence showed that under Norwegian law the proceedings would be classified as "civil". Moreover, the request could not amount to an assessment on the estate of a deceased foreign revenue law.

RE JOKAI TRA HOLDINGS
(FT, February 24)

In an issue in which the bank was an alleged secured creditor and charged of certain shares, it served a request on the defendants for further and better particulars. An "Unless Order" was then made for the particulars to be served within 56 days but the solicitors miscalculated the date and one day before the Order's expiry sought to extend time and amend the defence. Judgment was given for the bank. Allowing the defendants' appeal on conditions, the Court of Appeal stated that while court orders had to be obeyed and a litigant who deliberately disobeyed such an order should not be allowed to proceed, the defendants had given an explanation for their failure to save the requisite particulars.



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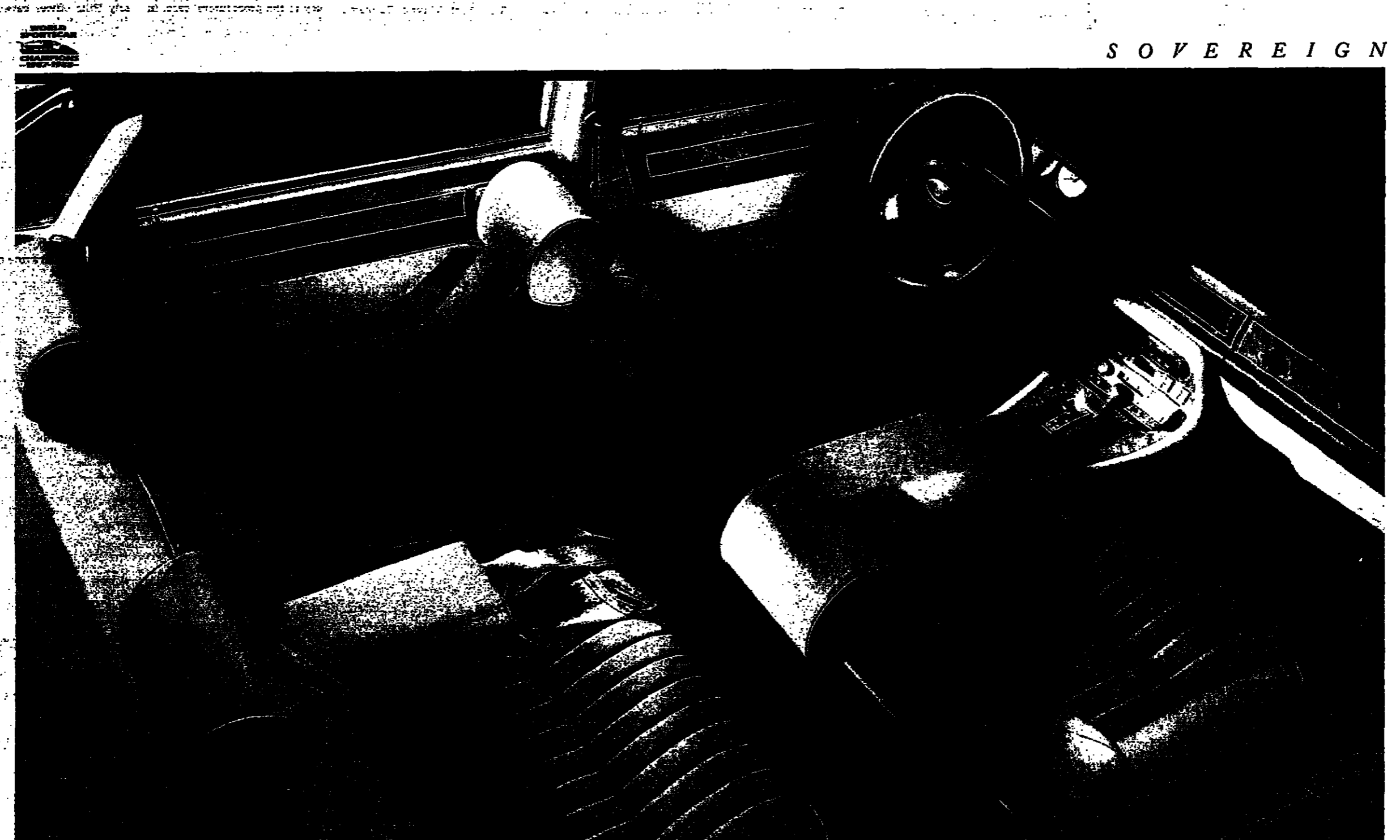
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UK NEWS

Water industry allocates billions to purity scheme

By William Dawkins in Brussels

THE BRITISH water industry is planning to spend "many billions" of pounds to comply with European Community (EC) water purity standards, UK Government officials said yesterday.

Some EC officials have suggested the cost of complying with the Community's 1982 directive on drinking water purity as \$3bn. But a spokeswoman for the Department of the Environment in London yesterday said the estimate was a "gross exaggeration".

She confirmed, however, that \$3bn would be spent separately to bring British beaches up to EC standards by 1995, a doubling of the present rate of investment.

The rough scale of the spending needed to modernise and update purification plants emerged yesterday after the Department of the Environment's (DoE) first informal appraisal of the water authorities' investment plans, most of which were submitted just before Easter.

The cost of the plans is likely to increase the controversy in Britain over the price increases expected after the privatisation of the water authorities. The Department aims to complete its full assessment of the authorities' plans by the summer, and of the implications for the new private water companies.

The Government has already warned that consumers will have to meet the bill for drinking water purification, although it has declined to forecast exact price rises. It estimates that complying with the EC rules would add between 7.5 per cent and 12.5 per cent to prices in real terms.

Yesterday's development follows a recent attempt by Mr Nicholas Ridley, the Environment Secretary, to persuade the European Commission to allow UK water companies a temporary exemption from having to comply in full with EC water standards.

"Confidential discussions are continuing. We think there could be an agreement," said an EC official. The DoE has also kept the Commission in close touch with the industry's investment plans as they evolve.

According to EC officials, the water authorities' plans envisage taking water purity standards well beyond those in the drinking water scheme, because it is thought cost-effective to do so.

Officials say it is not yet possible to set an exact price on the process because the plans are still being submitted. Neither is it known how much is genuinely new spending and what represents routine investment that would have taken place irrespective of EC rules.

Ferranti to lose 700 jobs in reshuffle

By Terry Dodsworth, Industrial Editor

THE UK electronics industry suffered its second big blow within a week late on Wednesday night when Ferranti, the defence electronics group, announced 700 redundancies at its Wythenshawe plant.

The reorganisation of this company's computer systems group follows the decision by ICL, Britain's leading computer manufacturer, to close its plant in Hertfordshire, with the loss of 500 jobs.

Ferranti will be cutting a total of 900 jobs at Wythenshawe, but the net loss of jobs will be reduced by plans to create 200 posts at its Oldham plant in Lancashire.

Mr Larry Brooks, national officer of the MSF general technical union, described the announcement as a "bombshell" and disturbing evidence of a shake-out in the UK industry before the 1992 harmonisation of Europe's markets.

"This is yet another nail in the coffin of the British electronics industry at a time when our major companies ought to be playing their part in building a successful European sector."

Ferranti's reorganisation is aimed at concentrating its civilian computing division at the Oldham plant where emphasis will be put on five main areas - industrial systems, air transport information systems, health care, communications systems and energy management.

The company told workers that it intended to emphasise a number of core businesses. It is known mainly for military electronics and computer operations and has been progressively running down its civilian computer business.

Mid-week special reports 'the good news'

Raymond Snoddy reveals the secretive planning behind The Observer's Fayed scoop

THE STORY of one of The Observer's most sought after scoops began on Good Friday when Mr Rowland "Tiny" Rowland, chief executive of Lomrho unexpectedly summoned Mr Donald Treford, editor of his Sunday newspaper, to his Buckinghamshire home.

The only thing that Tiny said was that he had good news.

The "good news" was something that the Observer City staff had been trying to get their hands on for months - a copy of the report of the inspectors appointed by the Department of Trade and Industry to inquire into the acquisition of the House of Fraser by the Fayed.

The report had come to Lomrho, the international conglomerate, as Sir Edward de Cram, the Lomrho chairman explained in a letter to Lord Young, the DTI secretary, "unsolicited and anonymously."

The fact the copy came direct to Lomrho and not to the Observer had considerable influence on what subsequently happened.

If the Observer editor had been able to get access to the report, it is believed, he would have published last Sunday.

Mr Rowland, looking for some further ammunition against the Fayed's insisted, however, that Lomrho shareholders should be told of the findings of the DTI inquiry first and proposed that this should happen at yesterday's annual general meeting.

The decision of the Observer

owner posed serious problems. There was the great danger that as soon as Sir Edward raised the issue of the report from the Lomrho platform an injunction would be served on The Observer to prevent publication this Sunday.

After further discussions on Tuesday Donald Treford hit on the idea of a mid-week special to be distributed throughout the country and at the Lomrho meeting.

As the 16-page special announced rather portentously yesterday: "It is not unknown for The Observer, in the course of its 200-year history, to publish a mid-week edition."

Late on Tuesday, in considerable secrecy, two secretaries started entering the body of the report into the Observer's computer system.

On Wednesday Mr Treford, who should have been on holiday this week, and four other Observer journalists, City editor Melym Marcus, Mr Jeremy Hunt, managing editor, Mr Stephen Pritchard, production editor and lay-out specialist Dave Randall put the special together.

It was "off-stone" - ready for printing - by 11pm and during the night more than 200,000 copies were printed in Portsmouth, Sunderland and Glasgow and fed into the normal newspaper distribution system.

The special issue was still being sold for 25p by news vendors yesterday afternoon after the Department of Trade and Industry obtained an injunction to bar its publication.

KEY DATES IN THE HOUSE OF FRASER SAGA

1977: Lomrho buys 24.5 per cent of Scottish & Universal Investments (SUI) from the Fraser family, giving Lomrho an initial stake in House of Fraser which had risen to 18.5 per cent by the year's end. "Tiny" Rowland and Lord Duncan Sandys, Lomrho's chairman, joined the HoF board.

1978: Lomrho completes the acquisition of SUI, taking its holding in House of Fraser to 29.9 per cent.

1980: Professor Roland Smith and Ernest Sharpe join HoF board, Smith replacing Rowland as deputy-chairman. An executive committee is formed, excluding Rowland and Duncan Sandys.

1981: Sir Hugh Fraser replaced as chairman of HoF by Smith. Lomrho makes a £220m bid but this is referred to the Monopolies and Mergers Commission. The MMC rules that the bid is against the public interest. Lomrho undertakes not to increase its holding.

1982-83: Lomrho says it does not wish to pursue its bid for the time being, but launches a campaign to demerge Harrods from House of Fraser. The proposal was finally defeated at an EGM in June 1983. Meanwhile, the Government starts an investigation into various HoF shareholdings.

1984: In May, the Department of Trade and Industry refers the HoF issue to the MMC. On October 30, the DTI extended the MMC investigation by three months. On November 2, Lomrho sold its 29.9 per cent stake to the Fayed brothers for £138m.

1985: (March 4) The Fayed's launch a £915m bid for HoF. Ten days later, Mr Norman Tebbit, then Trade Secretary, ruled out any referral of the Fayed bid to the MMC and at the same time released Lomrho from its undertaking not to bid. Lomrho alleged that the bid was not wholly funded from the Fayed's personal resources.

1987: (April 6) Lomrho campaign against the Fayed is rewarded. Mr Paul Channon, Trade Secretary, appoints two inspectors to investigate the House of Fraser takeover under Section 432 of the 1985 Companies Act.

1988: (July 23) The inspectors deliver their report to Lord Young, Mr Channon's successor. (July 29) The report is passed on to the Serious Fraud Office. In September, Young says that the SFO needs more time to investigate and as a result the report cannot be published. Lomrho initiates proceedings for judicial review of Lord Young's decision not to publish. (November 25) Lord Young says that the report will not be referred to the MMC.

1988: (January 17) The High Court orders Young to refer the report to the MMC and to reconsider his decision not to publish.

This was overturned by the Court of Appeal on January 20; Lomrho says it will appeal to the House of Lords.

Observer journalists were taken by surprise and were at first alarmed that the paper's integrity was being compromised in the wars between Lomrho and the Fayed.

Mr Anthony Howard, until recently deputy editor of The Observer said yesterday: "It is a great coup and I am delighted that the Observer has been vindicated. But there are ways and means of doing things and the coincidence between the publication of the special report and the Lomrho AGM is not something I feel entirely happy about."

Yesterday, however, Mr Treford addressed his journalists and appeared to convince most

of them what he did was the right thing to do in the circumstances.

By coincidence next week The Observer launches a new £2m advertising campaign to try to halt its declining circulation. The slogan will be: "A different set of values. A different kind of paper."

Science units to merge or close in 20 universities

By David Thomas, Education Correspondent

UNIVERSITY authorities are pressing ahead with plans to close or merge physics and chemistry departments in up to 20 universities.

The University Grants Committee, which distributes Government funds to higher education, yesterday endorsed reports published in November which said the minimum effective size for university physics and chemistry departments is

20 full-time academic staff and 200 students. The UGC is set for abolition.

The UGC yesterday divided physics and chemistry departments which do not meet this criterion into two categories: those which would survive by having students transferred to them from other departments and those which could not survive in their present form.

Texaco first to raise petrol price

By Maurice Samuelson

TEXACO last night became the first oil company to increase petrol prices in Britain with a rise of 6.8 pence a gallon (4.65 litres) on high octane and unleaded fuel.

The jump to 187.8p a gallon, described by the company as "inevitable", took effect at midnight. It was its steepest single increase for more than four years.

With other big oil companies also complaining about inadequate returns on their capital investment, prospects are

growing that prices could approach £2 a gallon by mid-summer.

Texaco, the fourth-biggest distributor in the UK with 1,400 outlets, blamed the rise on the cost of crude oil.

By moving first, Texaco's price has leapfrogged Shell, which on Tuesday said it needed a 10 pence rise on its 181p a gallon in order to bolster its downstream business.

Shell owns or controls more than 2,600 retail outlets and, with Esso, is the joint UK mar-

ket leader.

BP, the third biggest supplier, with more than 2,100 outlets, also says increases are inevitable, but, like Shell, was last night still awaiting the right moment.

Texaco sought to justify the increase by saying that yesterday's Rotterdam spot petroleum price was more than 24 per cent higher than at the beginning of the month.

It also said that despite the latest rise, prices were still lower than in 1985.

Bar cleared to take work without using solicitors

By David Thomas, Education Correspondent

THE BRITISH Bar's 5,900 barristers will be able to accept work from some professional bodies without using a solicitor as a go-between from next week, the Bar Council said yesterday.

Until now barristers - the group of UK lawyers with sole rights of audience in Britain's higher courts - have been allowed to accept professional work only from a solicitor, with some exceptions.

The move is unconnected

with the Government's green papers on legal reforms, but follows a decision by the Bar Council last November after two years of investigations.

Since then, a special committee has been working on guidelines under which the direct access scheme will operate. Professional bodies will have the choice of going direct to barristers for advice, drafting of documents and where acting as an advocate before a tribunal, inquiry or an arbitration.



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NOTICE OF RESIGNATION AND APPOINTMENT

NEW ZEALAND FOREST PRODUCTS FINANCE N.V.

US\$ 20,000,000 Guaranteed Series A Notes due 1992
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Notice is hereby given that Lloyds Merchant Bank Limited has resigned as Fiscal Agent with effect from the date hereof. Lloyds Bank Plc at Farners House, 25 Monument Street, London EC3R 8BQ has been appointed successor Fiscal Agent.

Fiscal Agent



London 31 March 1989

NOTICE OF RESIGNATION AND APPOINTMENT



Korea Exchange Bank

£50,000,000 Floating Rate Notes due 1995

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London 31 March 1989



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In accordance with the terms and conditions of the Certificates, the rate of interest for the Interest Determination Period 31st March, 1989 to 28th April, 1989 has been fixed at 10 3/4%. Interest accrued for the above period and payable on 31st July, 1989 will amount to US\$4.10 per US\$10,000 Certificate.

Agent
Morgan Guaranty Trust Company of New York
London Branch

CEGB abandons plans for £1.3bn power station

By Maurice Samuelson

THE CENTRAL Electricity Generating Board has formally abandoned plans for a £1.3bn coal-fired coastal power station at Fawley, near Southampton, because of uncertainty about its prospects after the electricity industry is privatised.

The decision, which will deeply disappoint UK power plant manufacturers and coal suppliers, means that no more large-scale coal burners are likely to be opened in Britain this century.

Instead, new demand is expected to be met by smaller-scale gas or coal stations, a greater use of oil and by the new nuclear power plants demanded by the present Government to ensure diversity of supply.

The Fawley station would have been owned and operated by National Power, the bigger of the two private generating companies to be created after the industry's sale.

Its two 900 Megawatt units were to have been the biggest built in Britain. Europe's largest coal-burning station, at Drax, North Yorkshire, consists of six 660 MW sets.

The CEGB has cancelled it after failing to secure a long enough contract for its output from the 12 area electricity boards of England and Wales which purchase bulk electricity for sale to the public.

There are also plans for two similar power stations - at West Burton, assigned to National Power, and at Kingsnorth, Kent, a site allotted to PowerGen, which will become its rival after privatisation.

Unlike Fawley, which faced strong criticism by Hampshire County Council and New Forest District Council, the new West Burton station has been regarded as a political reward for the Nottinghamshire coal industry's defiance of the 1984-85 coalminers' strike.

If National Power failed to win a contract for West Burton from all 12 electricity distribu-

tion boards, talks may open with a consortium of three local boards - Midlands, East Midlands and Yorkshire. However, it is felt in the industry that the prospects of a deal there or at Kingsnorth are not markedly stronger than at Fawley.

The Fawley scheme was also bedevilled by strong local environmentalist objections. But both the CEGB and the area boards agree that from the strategic point of view it is a good site and that in the long run a new power station will be established there.

However, with so many alternative proposals for meeting their short-term capacity needs, electricity officials believe it will be at least another decade before a large-scale new plant will be needed.

Nick Garnett writes: The Fawley decision will deepen apprehension already felt by Britain's power industry suppliers. The cancellation of all three stations, however, would be a serious blow to the industry.

Northern Engineering Industries had won the design contracts for the boilers for all three stations and GEC the design contracts for the turbines. Cancellation of all three stations would be more serious for NEI than for GEC.

NEI has no significant boiler orders. It is also about to finish work on its existing contracts. These are the conversion of the boilers for Kilroot, Northern Ireland from oil to coal-firing, and finishing work on a boiler for Brazil.

Mr Terry Harrison, NEI's chairman, said earlier this month that he expected two of the three large British stations to go ahead. NEI is due to complete design contract work for these stations this year.

Abandonment of the programme would also hit GEC. GEC's turbine manufacturing facility though is reasonably well stocked with work.

UK NEWS

Edinburgh meeting calls for political devolution Scotland claims right to home rule in campaign for assembly

By James Buxton, Scottish Correspondent

THE CAMPAIGN to create an independent Scottish assembly moved into a higher gear yesterday with the first meeting in Edinburgh of the Scottish constitutional convention, a 212-seat body on which Scottish politicians, local authorities, trade unions, churches and other organisations are represented.

At a dignified and confident meeting in the austere assembly hall of the Church of Scotland, the convention endorsed a "claim of right for Scotland" which acknowledged "the sovereign rights of the Scottish people to determine the form of government best suited to their needs."

The meeting of the convention - a forum which has precedents dating back to the 14th century - is the culmination of a 10-year struggle by the Campaign for a Scottish Assembly, a pressure group born after the failure of the 1979 referendum to secure a Scottish assembly. The gathering is to meet in several different Scottish towns over the coming year, while an executive committee draws up a scheme for an assembly for which it hopes to drum up popular support, before presenting it to the Government, based at Westminster, London.

BP places £400m N. Sea orders

By Maurice Samuelson

CONTRACTS and equipment purchases for a new North Sea oil platform worth more than £400m were announced yesterday by British Petroleum.

The contracts, worth £200m, are for BP's Miller oil and gas field, Britain's largest current offshore development project, to cost a total of £1.3bn.

They will ensure thousands of jobs in fabrication yards in Scotland, the North East and East Angles. Some of the work will begin immediately and the production platform should be towed to its site 270 miles north-east of Aberdeen in the summer of 1991. Oil production should start early in 1992.

responds by saying: We say no and we are the state. Well, we say yes, and we are the people."

Mr David Steel, the former Liberal leader who was elected joint chairman of the convention, along with Mr Harry Ewing, the Labour MP, said: "The say of Scotland in its own government has diminished, is diminishing and ought to be increased."

Mr Donald Dewar, Labour's shadow Scottish secretary, said: "Acid memories of the past decade have concentrated the public mind on the need for change." He said that the convention was "a high risk strategy and there will be many who are hoping desperately that it fails."

He warned there were "major differences of policy and sometimes principle which cannot simply be washed away." The Labour Party, he said, wanted a directly elected assembly responsible for matters affecting Scotland.

Mr Malcolm Bruce, the leader of the Social and Liberal Democrats in Scotland, said that the status quo in Scotland was "intolerable and unacceptable. We want nothing less than the restoration of Scotland's own parliament."

In Brief BREL wins train order worth £12m in Thailand

By Peter Montagnon, World Trade Editor

BRITISH Rail Engineering Ltd. (BREL) has won the first export order for its Sprinter Express diesel trains. It is to sell 12 driving units and eight trailing vehicles to Thailand's state railway for £12m.

The deal has been won with aid backing worth £2m from the Government's Aid and Trade Provision, but "is regarded as further evidence of a breakthrough for the UK in a market which is heavily dominated by Japanese suppliers."

It follows a £77m railway signalling order won in January by GEC-General Signal financed by Japanese aid.

Rise in immigrants

A SHARP increase in the number of immigrants allowed to settle in the UK in the final quarter of 1988 - 12,700 compared with 10,400 for the corresponding period in 1987 - was reported by the Home Office yesterday.

The total number of immigrants allowed to take up permanent residence in 1988 was 49,200.

Air travel warning

MILLIONS of UK air travellers could be denied flights if additional terminal and runway facilities are not developed.

The Air Transport Users' Committee, the UK air travellers' watchdog on travel problems, said by the year 2000, millions of passengers could be diverted from London's airports.

Symphony sponsor

BRITAIN'S oldest professional symphony orchestra, the Halle, is being sponsored to the tune of up to £500,000; it was announced today.

The man behind the deal, Japanese businessman Kazuaki Tazaki, chairman and managing director of Brother International Europe.

Political award

MR John Biffen, the former leader of the House of Commons, is to be one of the judges of the T. E. O'Leary Memorial Award for the most promising young political writer in the English language.

The award, named after the distinguished political journalist who died last year aged 67, is aimed at writers under the age of 35 who can show originality of political thought.

NHS waiting list

ABOUT a third of NHS hospital patients in London have to wait longer than a year for treatment according to Mr Harold Harman, the Labour Party's spokesman on health.

Power prices in Scotland to rise by 8% from April

By James Buxton, Scottish Correspondent

SCOTLAND'S two electricity boards are raising their tariffs by 8 per cent from April 1. The rise, the first for 12 months, is higher than the 5.8 per cent average price rise for wholesale electricity announced last week by the Central Electricity Generating Board for England and Wales.

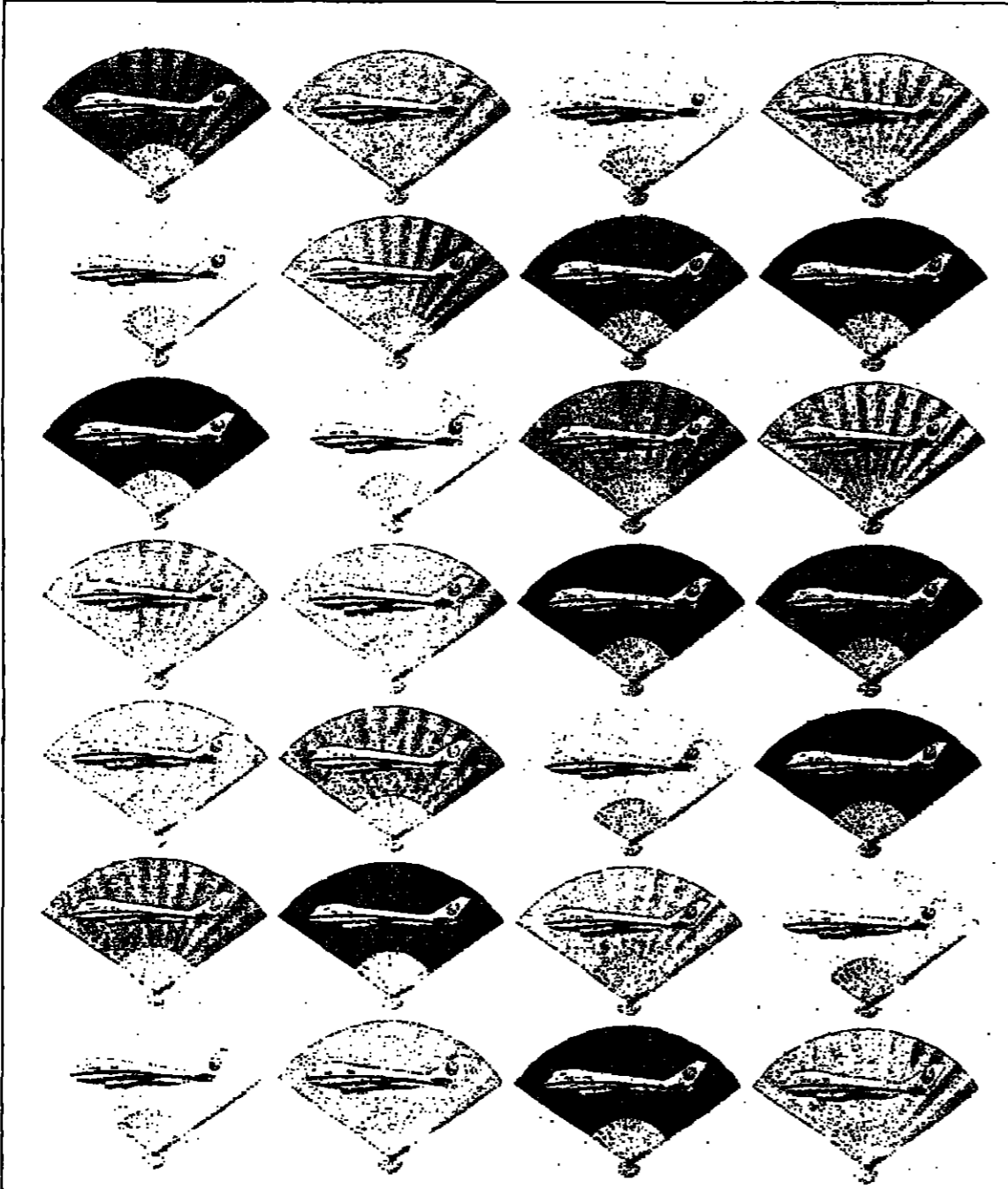
Both the South of Scotland Electricity Board and the North of Scotland Hydro-Electric Board put part of the blame for the rises on the need to buy deep-mined coal from British Coal instead of cheaper open-cast or imported coal.

British Coal and the SSEB have been in dispute over coal supplies for more than a year but reached a partial agreement last week after government intervention.

The SSEB said the rise was in line with the current rate of inflation. The North of Scotland Hydro-Electric Board also referred to the need to meet the Government's financial targets. The Government recently set a target of a rate of return on assets of 2.7 per cent for both boards for 1989-90 - compared with a figure of 2.8 per cent for 1988-89.

Both boards are due to be privatised next year.

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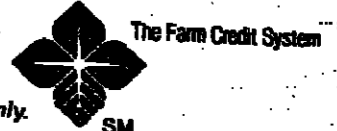
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MANAGEMENT

Inner-city transport

The conflict between customer and cost

Kevin Brown talks to the man who has taken on board the problems of running London Buses

John Telford Beasley, chairman of London Buses and chief executive of London Regional Transport, keeps a fading sheet of A4 paper on the wall of his office. It is a record of the week he spent driving the number 95 bus from Chessington to Ealing.

Beasley says getting a public service vehicle driving licence was one of his top priorities when he took over London Buses in 1984. "I thought you have to do when you go into an industry is to identify the critical factor. In this business that is picking people up at bus stops. I thought I needed to find out what the job was like on the streets," he says.

The experience left him with mixed feelings about London's famous red Routemaster buses - the ones with the open platform at the back - partly because of the lack of contact between the driver and the public, and partly because of the inherent dangers: every so often someone falls off.

But he says it also gave him a valuable insight into the practical problems faced by drivers, and the vital importance of the bus network to many Londoners.

Beasley talks a lot about the public service ethic, as you would expect of the chairman of an organisation which has been in municipal or state ownership for several decades. But he talks a lot more about the importance of marketing and cost efficiency, and most of all about keeping the customers satisfied. (He concedes that this kind of remark is likely to provoke a hollow laugh from anyone who has ever waited half an hour for a No 11 bus only to find that three turn up together.)

Beasley's emphasis on cost cutting and the importance of the market sits slightly uneasily with the public service philosophy, and is clearly part of the preparation of London Buses for eventual transfer to the private sector. But he insists that the two approaches are not incompatible, and that they can be welded together to create an organisation which is

both profitable and dedicated to public service to be delayed in London until the early 1990s but required LRT to put much of its network out to tender.

"This came as a big cultural shock to London Buses," Beasley says. "The thought of exposing London's bus to competitors was very strongly opposed by the unions, and by some levels of management, which took the view first that it would never happen, and then that we would easily see off the 'cowboys'."

His appointment was opposed by some London Transport executives, who would have preferred a professional bus man, even from an outside city. But Beasley says he was brought in as "an agent of change" by a government which was about to launch a major shake-up in London's bus services.

"I think it was significant that someone came in who was used to major reorganisations and to handling unions," he says. "There was some questioning of why they had brought in someone who was not a bus person. But there were plenty of people in the industry who would have fitted the profile if you wanted a transport person. My profile only fits if you wanted a change, and increased customer awareness."

Beasley arrived at London Transport as it was then called. Just after it was removed from the control of Ken Livingstone's left-wing Greater London Council and re-established as London Regional Transport, a state-owned corporation.

That removal was followed by an internal reorganisation in 1985, when LRT split its Underground and bus operations into two stand-alone operating companies, reserving a strategic planning role for itself.

But the biggest shake-up came later that year in the 1985 Transport Act, which provided for the privatisation of the state-owned National Bus Company and deregulated the bus industry in most of the coun-

try. The Act provided for full deregulation to be delayed in London until the early 1990s but required LRT to put much of its network out to tender.

"This came as a big cultural shock to London Buses," Beasley says. "The thought of exposing London's bus to competitors was very strongly opposed by the unions, and by some levels of management, which took the view first that it would never happen, and then that we would easily see off the 'cowboys'."

In fact, six of the first 12 routes put out to tender by LRT were awarded to private sector competitors. "Actually, I was relieved that we had kept 50 per cent, especially as we were up against some very good competition, mostly from privatised subsidiaries of the National Bus Company. But if we projected that rate of success forward it looked very bad," Beasley says.

"It wasn't so much the arrival of the cowboys as the arrival of the Mounties to rescue the consumer. Our competitors showed they were capable of running bus routes in London, and that was a very real shock to the whole organisation. We had to get our act together very quickly. It was that or be wiped out."

Beasley says his strategy for fighting back against the private sector was to improve the viability of London Buses by getting costs down, and to reverse a long-term decline in passenger numbers by switching the focus of the company from staff to customers. In effect, this was an attempt to transform London Buses from a producer-driven organisation to one led by customer demand.

"When I came here I found the logistic strengths you would expect after 50 years of monopoly services," he says. "We schedule 5,000 buses on 350 routes and carry 3 1/2 million people a day. That is a great achievement, especially with our excellent safety record. But there was insufficient attention to thinking about the passengers out there, and there were



John Telford Beasley: "The critical factor is picking up people at bus stops"

cost inefficiencies caused by the cosy relationship between management and unions - neither of whom was thinking too much about the people who were fitting the bill."

Beasley has used the competitive pressures introduced by route tendering to cut unit costs by 20 per cent in real terms since 1986. He says this has been achieved by putting a stop to some of the "lux practices" which grew up during the monopoly years, such as overtime payments of up to three times basic wages to some staff.

Scheduling methods have also been changed. "A minute or two saved by each bus makes a big difference when you multiply it by 5,000 buses," Beasley says. Most noticeably, one person operated (OPO) buses have replaced the agency Routemasters on many suburban routes, reducing the scope for delays caused by absenteeism.

Beasley is very keen on the interaction between bus staff and the customers, and has set up a training scheme to allow route drivers/operators to look after passengers. He has also appointed the organisation's first marketing director in an attempt to widen the customer base.

"Most people only use one or two bus routes, and they don't know what is going on elsewhere in London. So if we can just get people to use a third local route we have won the battle," he says.

The management structure of the company has been far

approved fares. But once deregulation is implemented, the companies will be in competition with each other and whatever other companies enter the market. Beasley also says quite clearly that he expects the new companies to be privatised, probably a year or two after deregulation, which would imply 1993/94.

"What we are trying to do is to stay a step ahead of the Government," Beasley says. "At this stage I want us to be flexible and innovative, with an eye on the customer, so that when they lift off the protective net we will not be faced with the chaos that happened in the rest of the country."

London Buses has improved its "striking rate" for tendered routes significantly as the reforms of the last few years have worked through, and now holds around two-thirds of the route mileage open to competition. But Beasley admits that there is still plenty of room for improvement, especially since the long-term decline in passenger numbers is forecast to continue with a further 2 per cent fall this year.

"The great thing about getting these companies ready to go now is that they will have the whole of 1989/90 to sort themselves out (under central supervision) before they have to set their own budgets in 1990/91. That means they will have a full year's track record as independent companies before deregulation. That will give them a very fair opportunity to run themselves in," Beasley says.

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Putting the theory into practice

Michael Skapinker explains how to ensure customer satisfaction

If asked, most managers will say that they think improved customer service is the key to competitive success. Why, then, do so many of their organisations fail to provide it?

A survey of more than 1,000 European managers, carried out by Management Centre Europe and John Humble, a consultant, provides the answer. While everyone likes the idea of customer service, not all companies are prepared to invest time and money in it. Of 58 per cent of managers that were asked, 68 per cent said that providing superior levels of customer service was one of their key responsibilities. Only 55 per cent, however, said that customer service was a priority in their organisations.

Just how little importance companies really attach to customer service became clear when the managers were asked whether their organisations had provided employees with training in customer service. Only 38 per cent of those surveyed said that most managers in their organisation had taken part in a training or learning activity on customer service. Sixteen per cent said they had not. A further 36 per cent said that their managers had not had any customer service training, but that it would be a good idea if they did.

The organisations concerned had devoted even less time to training their own employees. Only 21 per cent said that their own staff had been trained in customer service. Twenty-three per cent said they had not. As many as 40 per cent said they had not, but thought they should be.

"There is a paradox," the authors of the survey say. "Where training is not provided, a substantial number of managers say that it should be. So what gets in the way? The neglect of middle manager service training is particularly dangerous. Without their support new strategies on services will just not get implemented."

Jan Carlzon, president of the airline SAS, says that middle managers become hostile and counter-productive when by-passed. Another danger: too many of the training programmes for non-managerial staff turn out to be one day

"theoretical events" or simplistic "smile courses" rather than serious action learning.

When the respondents were asked whether they compared their standards with those of their competitors, the answers were just as discouraging. Only 24 per cent said that their company systematically bought the goods and used the services of their competitors.

Another 37 per cent said that they did so when they got round to it. Twelve per cent said they did not really know whether they analysed their competitors or not. Another 12 per cent said they did not, but thought that it would be a good idea if they did. And 12 per cent simply said they never looked at what the competition did.

The authors of the survey argue that managers who genuinely want to provide a decent level of customer service need to consider the following 10 questions:

- Have I agreed specific goals and performance benchmarks with my staff?
- Do we regularly measure and discuss progress and problems?
- Do I frequently remind my staff in informal discussions that the customer comes first?
- Do I often ask my staff for their perceptions of customers' needs and expectations?
- Do I regularly and personally ask customers about their needs and satisfaction with our performance?
- Do I set a good example to my staff in the way I deal with customers?
- Do I work with my colleagues to identify and remove obstacles to good service, such as poor facilities, low quality, delays and discourtesy?
- Have I made sure that the message "we are here to secure, satisfy and hold customers" runs through all the training given to our staff?
- Since I know that my customers have a choice, do I regularly study the service performance of our main competitors?

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the price to invent a market

TECHNOLOGY

Minicabs book a ride away from paperwork

IN THE run up to the publication of the UK Government's green paper on licensing London's minicab services, the companies concerned are trying to prove that they are just as efficient as their black cab brethren. To further their cause, many are turning to computer systems.

Because minicab companies and motorbike couriers can only respond to telephone orders, they are heavily dependent on paperwork. For example, staff at Addison Lee, one of London's largest minicab companies, used to handle more than 3,000 dockets a day, each one filled out in triplicate. A fourth docket, completed by the driver, had to be married up with the office copy before the minicab was sent out.

To cope with so much paperwork, the walls of the Addison Lee accounts office were lined with 1,000 pigeon holes, one for each big client. As the business - staff at Addison Lee, one of London's largest minicab companies, used to handle more than 3,000 dockets a day, each one filled out in triplicate. A fourth docket, completed by the driver, had to be married up with the office copy before the minicab was sent out.

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A swift switch of business systems

Alan Cane finds out how CEBG computer experts met a tough deadline

Computer technologists have won a race against time to install advanced information systems, costing £10m, for the UK's electricity supply industry in readiness for privatisation.

From tomorrow, three new divisions - National Power, PowerGen and the National Grid Company - will have to function as if they were independent companies, although they will still come under the umbrella of the Central Electricity Generating Board (CEGB) until early next year.

If the new computer system, which underpins every aspect of the three divisions' business from payroll to customer accounts, had not been ready, it would have been extremely difficult for the divisions to have fulfilled their commercial duties.

There were those who did not believe that the CEGB team could carry out the work in the given time. The history of commercial data processing is littered with more than enough disasters to suggest that their pessimism would be justified.

However, all the new hardware and data communications

equipment has been successfully installed and the main applications software - dealing with the payroll, personnel and superannuation - has been loaded on to the new systems. General ledger and other business programs will be loaded before the end of the April accounting period.

"It has been the biggest single business systems project we have mounted," says Andrew Goldsworthy, commercial systems manager for the CEGB's computing and information systems department. It involved about 200 man-years of effort. "At peak times we have had 400 people working on the project."

Over 10 weeks, International Computers (ICL), the largest UK-based computer company, installed four new top-of-the-line mainframe computers and an advanced data communications system, connecting 4,000 terminals to the new computers. In one case, building contractors completed the accommodation only hours before ICL installed the hardware.

The CEGB achievement is remarkable because of the extremely tight timescale - less than 12 months - and

because the new structure has turned the board's data processing strategy on its head.

In the past, the CEGB has concentrated its business data processing in five regional centres of excellence: London (superannuation), Solihull (materials accounting), Stockport (creditors accounting), Harrogate (payroll) and Bristol (systems).

In the new structure, however, each of the three divisions will stand alone and so need its own information systems. The idea of maintaining the existing centres as a service or "facilities management" operation for the divisions was rejected. As National Power and PowerGen were to be in direct competition, the risks to commercial confidence were reckoned to be too great.

So the CEGB management realised that it would have to undo all its previous work and start again. As National Power and PowerGen were to be in direct competition, the risks to commercial confidence were reckoned to be too great.

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centre. "It has been rather like unravelling spaghetti," according to Goldsworthy, now information technology director for PowerGen.

The aim was to have enough separate but identical business software working in each of the new divisions by April 1 to allow them to operate as individual businesses. The risks were that the software would not be delivered on time, that the communications network would not work and that ICL would not be able to handle the installation of four huge machines simultaneously. The software had to be identical because of the time constraints, but that meant imposing a measure of conformity across the CEGB's entire administrative operations - a difficult management feat.

The team used a computer-based planning system called Artemis for the project, but Goldsworthy believes that it owes its success to clearly defined objectives, a highly organised project team and powerful management support. Gil Blackman, CEGB deputy chairman, demanded weekly progress reports.

Seeing the stars in three dimensions

IMAGINE Tom Cruise in the Oscar-winning film Rain Man. Now imagine Tom Cruise in three dimensions, without having to wear those special glasses needed for 3D effects in 1950s films such as The Creature from the Black Lagoon.

Three-dimensional images, or at the very least a greater sense of depth, should become commonplace in the cinema of the 1990s. It is one of the possible applications derived from high definition television (HDTV) technology.

Matsushita, the Japanese electronics company best known for the brand National, Panasonic and Technics, says that HDTV, which uses 1,125 lines instead of the standard 625 of European television, is superior in terms of picture quality to traditional 35 mm film. The extra lines improve both the image's definition and depth.

At present, the largest practical size of an HDTV screen is about 200 inches; beyond that the resolution begins to break up when projected.

Matsushita believes that there should be a substantial market for HDTV in small cin-

emas, bars and restaurants. However, it expects the technology to supplement rather than replace 35 mm film because of the screen size constraints.

HDTV has a number of advantages for the cinema owner, says the company. Not only does it provide improved images - thereby attracting more customers - but it also allows him or her to reduce costs and increase the potential size of the audience.

These benefits are achieved because HDTV projectors, which use cassettes rather than reels of film, can be mounted on a ceiling rather than at the back of the cinema, allowing the projection room to be converted into seats.

For the time being, however, the main problem is cost. Matsushita estimates that the earliest system available in the 1990s will cost around ¥100m (\$450,000 at today's prices) to install, although prices will fall later. Meanwhile, those wanting to see a 3D Tom Cruise will have to wait a while - or go to Hollywood.

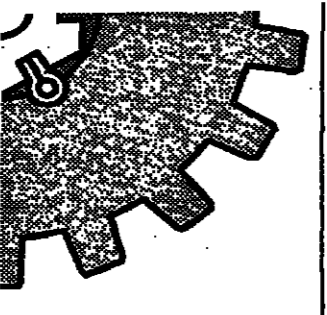
Paul Abrahams



Tom Cruise, who co-stars with Oscar-winner Dustin Hoffman in the film Rain Man

la cred

of Occident



WORTH WATCHING

Edited by Geoffrey Charlsh

Rewriting the story of storage

ERASABLE optical disks are set to dominate the data storage market over the next 10 years, according to Frost and Sullivan, the US-based market research organisation. It foresees world sales of disks and drives peaking in

1992 at \$1bn. Most of the products on offer (mainly Japanese) are in the evaluation stage with computer systems houses and other large users.

Details are contained in the market research company's 175-page report, costing £390, entitled Erasable Optical Memories. The report predicts that, by 1993, nearly 1m drives will have been installed and 10m disks sold.

Optical recording uses a very narrow laser beam to make microscopically small digital marks on the disk surface. Techniques include altering the direction of magnetisation of a magnetic coating, changing the chemical state of a surface material and making tiny bumps. All result from a pin-point of heat and are reversible through a second exposure to laser heat.

One problem is that erasure is usually a separate process and direct over-writing, as with conventional magnetic recording, is not possible. The process is relatively slow and much research is in progress to speed it up. Frost

Lessons on a simulated engine

BEFORE tackling the real thing, operators of marine and other six-cylinder diesel engines can learn their job on a new simulator from Sud Marine Enterprises, of France. The cost and inconvenience of using the real engine for training and purposes are thus removed.

The electronic simulator, called Simcod, allows a student to go through a

variety of standard and emergency procedures with an instructor. At the same time, a technical understanding of the engine's main mechanical and electrical functions can be gained.

The trainee sits at a console which presents a full set of controls and gauges: for pressure, temperature, fuel and oil levels, electrical circuits and similar items.

At the centre of the console is a video screen linked to a laser video disk. As the student carries out an operational sequence, the system recreates the engine sounds and displays items of the engine or diagrams of functions and circuits.

At another console, the instructor can vary the tasks and present the trainee with different kinds of emergency.

Study of CFC substitutes

THE UK National Engineering Laboratory (NEL), at East Kilbride in Scotland, is looking at ways of eliminating environmental pollution at source, including research into alternatives to CFCs (chlorofluorocarbons), which are now generally believed to be destroying the ozone layer in the upper

atmosphere.

Although HFCs (hydrofluorocarbons) are thought to be an acceptable and economic substitute, there is little reliable data about these fluids, says NEL. This deters designers of refrigerators and other equipment now using CFCs from switching to the alternatives.

In a joint programme with Imperial College in London and Aristotle University in Greece, a means of reliably measuring the thermal conductivity of the new refrigerants will be developed.

Research will also be undertaken into the heat transfer characteristics of HFCs and the effect that pump lubricants can have on them.

NEL believes the higher cost of the new refrigerants will lead manufacturers of refrigeration plant to use lower volumes wherever possible.

At East Kilbride, exploratory work into more compact heat exchangers is already under way and has revealed the additional prospect of lower energy consumption.

Seen and heard in noisy places

MEDER Electronic (UK) is offering a personal broadcast system aimed at people who conduct industrial site visits, where a high level of background noise makes it hard for the audience to hear.

The speaker uses a low power radio transmitter and each member of the party wears a compact receiver equipped with an earphone. The system has a range of up to 100 metres and it is possible to have three speakers, each with a transmitter, operating on one site and using three different radio frequencies.

Tested and approved by the Department of Trade's radio communications division, the system needs no licence and transmits at about 48 MHz.

CONTACTS: Frost and Sullivan: London 725 3438 or in New York on (212) 233 1050. Sud Marine Enterprises: France: 0160 0025. IBM UK: 0705 321212. National Engineering Laboratory, UK: 0252 7204. Meder Electronic: UK: 0455 830521.

THE PROPERTY MARKET

Changing face of Thurrock

By Paul Cheeseright

Ms Thatcher does not talk much about Thurrock, the flat lands on the north side of the Thames estuary. Nor do the ministers vaunting the Government's policies to turn the derelict into the prosperous.

Certainly there is little mileage for the Government at Thurrock. Regeneration of an area battered by the oil crisis of the 1970s has taken place without any help from the apparatus of development corporations, simplified planning zones and the like. It has taken place with the local authority, not over its head.

Local officials say proudly that the transformation of an unemployment rate pushing up around 30 per cent 10 years ago to just over the average for the south east has taken place without a penny of Government money. That is true as far as it goes, but there was the small matter of the building of the M25.

As soon as the orbital motorway had been completed Thurrock was at an advantage, handily placed for the south eastern ports and the eastern side of London, a natural distribution centre. Above all it had land. And it still does.

What was more the land ownership - and to be precise this is West Thurrock - was concentrated in few hands. The biggest holdings are in the hands of Pearson and Blue Circle. RTZ Estates, through the Tunnel Estate, was a significant owner but gradually disposed of its interests to a series of retailer property developers and latterly to Watergate International.

Pearson bought 5,000 acres between 1917 and 1924, originally thinking it

would construct a port complex. Blue Circle's involvement comes through its old cement activities. Indeed the land at the southern end nearest the river is pockmarked with pits and quarries still being reclaimed.

The landowners have tended to release land as it has been demanded, sometimes selling outright, sometimes taking part in joint development ventures, sometimes acting simply on their own behalf. And this, of course, is a much more lucrative pastime than it was in the early part of the decade.

Ray Pledger, managing director of West Thurrock Estate, the Pearson company, noted that land values are about a third of those in London. Prices are now around £500,000 an acre compared with £100,000 three years ago.

To some extent, values in Thurrock have been reflecting the shortage of straightforward and new industrial property in the south east. Consequently upon this, there has been a narrowing of yields.

Watergate on its industrial park at Thurrock has forward funded a 97,385 square feet industrial and warehouse development called Trade Link with Prudential Pensions on a yield of just under 8 per cent. This prompted Robin Archer of Watergate to note that the differential between the values east and west of London is diminishing.

"The yield would be about 7.5 per cent in the west. If you could find a site," he said. Such yields at Thurrock are pointing to rents of about 55 a square foot, the highest seen in the area.

But it is all very recent. "Rental values are lagging behind the land values and they're not being picked up on rent reviews because there's not the evidence," commented Mr Pledger.

When Watergate moved into Thurrock last year it had 60 acres. It is unlikely to have any land left for development in 15 months' time. What is significant in terms of the values, however, is the changing nature of its projects. Starting from sheds, it is moving through the phase of building small units for owner-occupation to the construction of high-tech accommodation.

In other words, Thurrock, Watergate believes, can no longer be seen simply as an industrial area. This is a marked change in perceptions from 10 years ago. It is now clear that changes in the area have gone roughly through four stages. The first was the closing down of cement works and other heavy industry traditional to the northern foreshore of the Thames following the oil shortages of the 1970s. This had made the wet processing of cement uneconomic. Unemployment shot up.

In the early 1980s, Thurrock Borough Council effectively launched the second stage. This was an attempt to attract industry back into the area by promising few constraints on development, and there was some success in bringing in the haulage industry.

The third stage can be said to have started in 1984 when Tesco, in isolation, started a new store in the area. This marked a shift in Borough Council policy, probably prompted by the fact that

if Tesco did not start a store at Thurrock, it would simply start one somewhere else.

At any rate, Tesco's arrival proved to be the catalyst for the establishment of what is now a huge retail complex - a retail warehouse park, sold by West Thurrock Estate to Land Securities, plus other smaller developments of the same type and now the Thurrock Lakeside shopping centre under construction by Capital & Counties.

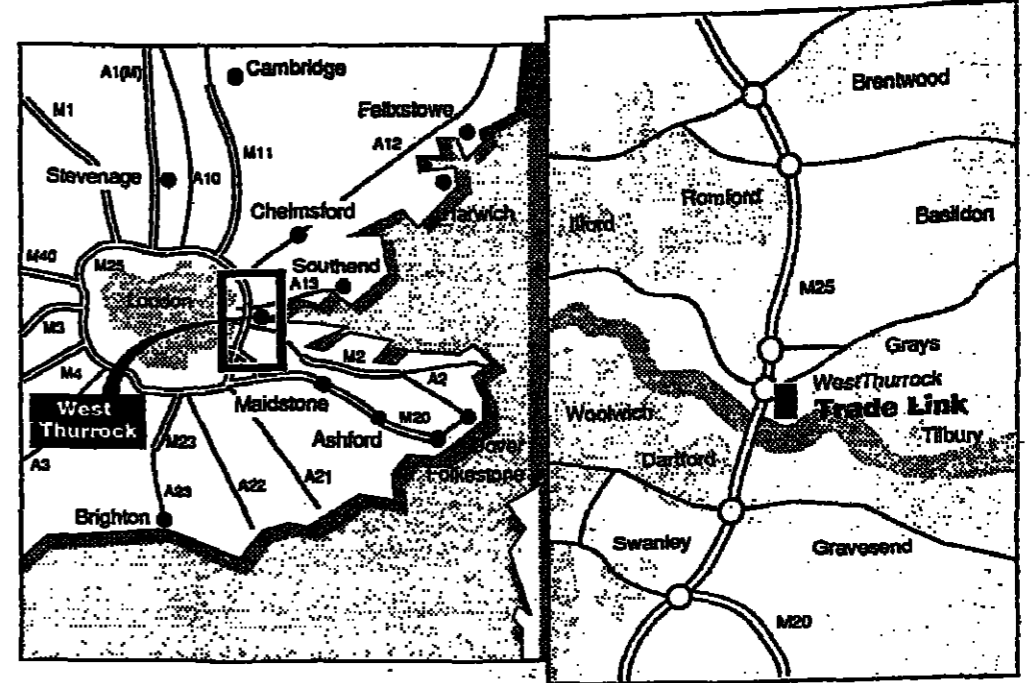
Thurrock Lakeside is the only regional shopping centre the Government has so far permitted alongside the M25. The steel frame is coming out of the ground. CapCo has spent £20m of a planned £40m on infrastructure for the development.

Retail development can be seen as a bridge between traditional industrial land use at Thurrock and a new economy based on offices, high-tech industry, hotels and the like.

What is clear is that, with Thurrock Lakeside, the retail process will have run its course. The Borough Council is set against a one-track retail economy and wants to encourage diversification.

"We've got to say," said Mr Pledger, "that with the amount of retail we've got now, that must be it."

The fourth stage, then, in the transformation of Thurrock is about to start with, for example, the development of Watergate's high-tech accommodation and over a longer period the creation of what is in effect a new town, called Chafford Hundred, on the eastern flank of the commercial property developments.



Out of chaos will come order - but it will all take time

Thurrock is cleaning up, but at the moment it looks like a vast construction site. This is not only because of the internal developments but also because it is an M25 town. There is not only the upgrading of the M25 but also the construction of a new Thames bridge to complement the Dartford Tunnel.

And there is Chafford Hundred - 5,000 houses planned on 500 acres by the consortium of Pearson, Blue Circle and Felham Homes, the Roseburg subsidiary. At the moment Chafford Hundred is not much more than a giant earth moving exercise to prepare the site, but it will account for about half of the total house-building in the area.

Its place on the communications network gave Thurrock an economic boost that prompted the property development. The demand for commercial space has set off demand for residential space. The main housing so far is at South Ockendon, once a London County Council estate, on the east side of the M25, north of the commercial developments and Chafford Hundred.



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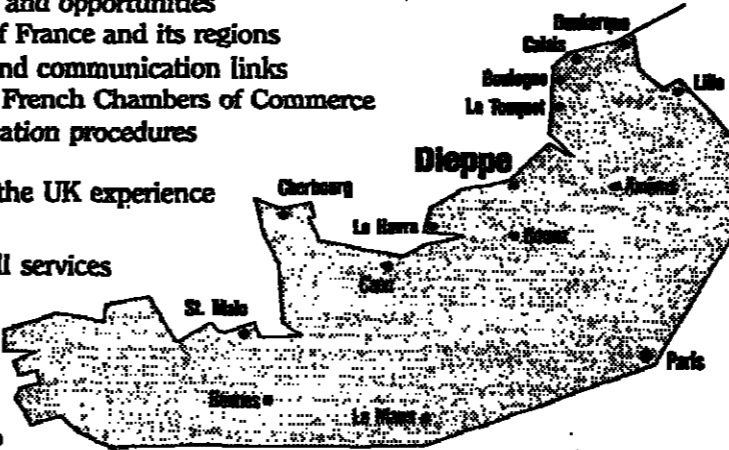
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REPUBLIC OF ITALY

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In accordance with the terms and conditions of the Notes, notice is hereby given that for the three months period from March 30, 1989 to June 30, 1989 the Notes will carry an interest rate of 8 1/2% per annum (margin included).

The relevant interest payment date will be June 30, 1989 and the coupon amount will be Ecu 10,000 nominal will be Ecu 226.40 and per Ecu 100,000 nominal will be Ecu 2,264.00.

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LEGAL NOTICES

No. 08088 of 1989
**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR JUSTICE MILLET**

**IN THE MATTER OF
HEPWORTH PLC**
- and -
**IN THE MATTER OF
THE COMPANIES ACT 1985**

NOTICE is hereby given that the Order of the High Court of Justice (Chancery Division) dated 23rd day of March 1989 concerning the cancellation of the amount standing to the credit of the Share Premium Account of the above named Company was registered by the Registrar of Companies on the 21st day of March 1989.

DATED the 31st day of March 1989

Slaughter and May (INCORPORATED)
25 Abchurch Lane,
London EC4N 3DF

Solicitors for the said Company
No. 08701 of 1989

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION**

In the matter of
The Wood Group plc
and in the matter of
The Companies Act 1985

NOTICE is hereby given that the Order of the High Court of Justice (Chancery Division) dated the 29th February 1989 confirming the calculation of the Share Premium Account of the above named Company was registered by the Registrar of Companies on the 21st day of March 1989.

DATED the 29th day of March 1989

William Mather,
Solicitor General,
35 Molesley Street,
Newcastle upon Tyne, NE1 1JX.

Solicitors for the above named Company

CORRECTION NOTICE

Credit National

FF 500,000,000
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Rate Notes due 1991

In the notice published in the Financial Times on March 28 the interest payable per note of FF100,000 should have read FF 2,373.47.

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The interest rate applicable to the above Notes in respect of the period commencing 31st March 1989 will be 11.5625% per annum.

The interest amounting to US\$ 292.27 per \$5,000 principal amount and US\$ 584.55 per \$ 10,000 principal amount of the Notes will be paid on 29th September 1989 against presentation of Coupon No. 3.

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NOTICE TO ADVERTISERS

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173	150	Bardens Group (SE)	166	0	2.7	1.6	28.7
117	100	Bardens Group Cr. Pref. (SE)	110	0	4.7	6.1	-
148	120	Bry Technology	110	0	5.2	4.7	7.9
114	100	Brentoil (SE) Pref.	105	0	11.0	10.2	-
300	246	CCJ Group Ordinary	300	0	12.3	4.1	4.5
175	124	CCJ Group 11% Conv. Pref.	175	0	14.7	8.4	-
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385	347	George Hale	385	0	12.0	3.1	8.3
122	60	Isis Group	122	0	-	-	15.9
141	57	Jackson Group (SE)	140	0	3.3	2.4	15.0
310	245	Mellifluous NV (AMSE)	314	+4	-	-	-
119	40	Robert Jenkins	100	0	7.5	7.5	3.8
430	124	Saracens	415	0	8.0	1.6	37.7
290	194	Torbay & Carlisle	277	0	7.7	2.8	13.4
280	100	Torbay & Carlisle Conv. Pref.	107	0	10.7	10.0	-
105	56	Travian Holdings (USM)	99	-1	2.7	2.8	10.6
113	100	Unifine Europe Conv. Pref.	110	0	8.0	7.3	-
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NOTICE TO THE WARRANTHOLDERS OF MITSUBISHI PETROCHEMICAL COMPANY LIMITED

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NOTICE IS HEREBY GIVEN that Mitsubishi Petrochemical Company Limited (the "Company") has changed its financial year-end from 31st December to 31st March pursuant to the approval given at the shareholders' meeting of the Company held on 20th March, 1989, and that the Company will have a transitional financial period of three months running from 1st January, 1989 to 31st March, 1989 and thereafter its financial year will run from 1st April to the next following 31st March; as a result thereof, the record dates for the payment of the Company of annual dividends and interim dividends will be 31st March and 30th September, respectively, in each year (31st March, 1989 in the case of dividend for the transitional financial period mentioned above), and the Dividend Accrual Period with respect to the shares of the Company issued upon exercise of Warrants will be each six-month period ending on 31st March or 30th September in each year (a three-month period ending on 31st March, 1989 in the case of the transitional financial period mentioned above).

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FINAL REDEMPTION

NOTICE IS HEREBY GIVEN that in accordance with Condition 5(a) of the Terms & Conditions of the Bonds, Metropolitan Estate & Property International N.V. announces that all the outstanding Bonds of the above Loan are to be finally redeemed at 100% (plus 150 days accrued interest) on 30th June 1991 from which date all interest thereon will cease.

These Bonds, when presented for payment at the office of the Paying Agents in London, will be redeemed at the same time as the Bonds of the same issue for payment of the accrued interest amounting to US\$33.25.

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LEGAL NOTICE

**IN THE MATTER OF
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LIMITED**

**IN THE MATTER OF
THE INSOLVENCY RULES 1986**

In accordance with Rule 4.102 of the Insolvency Rules 1986 notice is hereby given that J.D. Williams of Great Thorne, Great Thorne House, Malton Street, Easton Square, London NW1 8EP was appointed liquidator of the above named company by the creditors and creditors on 15 March 1989.

DATED this 17 day of March 1989

J.D. WILLIAMS
LIQUIDATOR

No. 08073 of 1989
**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR JUSTICE MILLET**

**IN THE MATTER OF
ASDA GROUP PLC**
- and -
**IN THE MATTER OF
THE COMPANIES ACT 1985**

NOTICE is hereby given that the Order of the High Court of Justice (Chancery Division) dated 23rd day of March 1989 confirming the reduction of the Share Capital of the above named Company from £278,911,990 to £278,000,000 was registered by the Registrar of Companies on the 21st day of March 1989.

DATED the 21st day of March 1989

Slaughter and May (INCORPORATED)
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Solicitors for the said Company.

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U.S.\$20,000,000 8 1/4 per cent.
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with Warrants

NOTICE IS HEREBY GIVEN THAT:

1. The above mentioned Bonds and Warrants will be redeemed on the 31st day of March 1989 at 100% (plus 150 days accrued interest) from which date all interest thereon will cease.
2. The Bonds and Warrants will not be stamped or exchanged for new Bonds and Warrants.
3. The Company will change its fiscal year and from 30th September to 31st March effective on from 1st April, 1989. However, the "Dividend Accrual Period" defined in Condition 4 of the Warrants remains unchanged.
4. The Company will change its fiscal year and from 30th September to 31st March effective on from 1st April, 1989. However, the "Dividend Accrual Period" defined in Condition 4 of the Warrants remains unchanged.

SONORKE MFG. CO., LTD.
31st March, 1989

ARTS

Arts Week
F | S | Su | M | Tu | W | Th
31 | 1 | 2 | 3 | 4 | 5 | 6

THEATRE

London

Francia Dreyfus (Cottesloe). Wonderful production of *Leopoldo de Vega* classic by Cheek By Jaws director and designer Declan Donnellan and Nick Ormerod. The best National production in this venue since the Bill Bryden company. April 7-12, May 3-6 (225 2252).

Bed (Cottesloe). Imaginative reversion for old codgers in pyjamas and a sleeping den as the Great Bed of Ware itself. The delightful and unusual proceedings are scripted by Jim Cartwright, directed by Julia Barkeley. March 31-April 3, April 13-15, April 26-May 2 (238 2252).

Hamlet (Olivier). This picture-perfect Renaissance revival by Richard Eyre for the National Theatre is a disappointment, though Daniel Day-Lewis may improve with experience in the role. April 12-16, May 5-8, 16-19, May 25-June 1 (238 2252).

Single Step (Queen's). The highlight of Alan Bennett's double bill is a comic confrontation between Prunella Scales as Her Majesty the Queen and Bennett himself as Anthony Blunt in the royal picture gallery. Simon Callow plays Guy Burgess in a rehash of Bennett's fine TV film *An Englishman Abroad* (784 1166).

Back With A Vengeance (Drury Lane). Dame Edna Everage, alias Barry Humphries, breezes back to town after a nationwide tour and is not to be missed. Ends April 15 (238 2102).

A Walk in the Woods (Comedy). Alec Guinness and Edward Herrmann in feeble off-duty arms negotiation encounter by Les Blessing. Guinness, back on the London stage after 10 years, is in subtle virtuoso form as the Soviet veteran of tactical stone-walling and negotiating tricks (238 2273, cc 238 1438).

Brigadoon (Victoria Palace). 1947 Lerner and Loewe "beast-scented" Scottish fairytale hit is handsomely revived and well sung, less frail than expected (234 1317, cc 238 2423).

The Verdict (Garrick). Maria Aitken and Rupert Everett, in brilliant reversion by Philip Prowse of Noel Coward's 1924 study of drug addiction and mother fixation. Mannered, excessive, beautifully costumed. A must for purples (270 6107, cc 741 9959).

Heidi Gabler (Olivier). Juliet Stevenson is energetically wild in the National revival using a new Christopher YOUNG translation. A full-scale, monumental reading, with European design to match by Bob Crowley. Howard Davies directs, Norman Rodway is Judge Brack. Performances on April 1-11 (238 2252).

Mrs Klein (Apollo). Intriguing chats among the child psychiatrists in Nicholas Wright's hit transfer from the National. Fizzing performances from Gillian Barge, Francesca Armis, Zed Wanzamaker (437 2653, cc 379 4444).

The World According to Mel (Playhouse). Jackie Mason, Jewish stand-up comic who revives the near lost arts of scathingly satirical monologue and vaudeville timing to the London stage for a limited season. Achingly funny and irreverent. (232 4401).

Henry IV (Vaudeville). Ian McKellen as James Asher in a bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained marriage. (238 2987, cc 741 9959).

New York

Shirley Valentine (Booth). Pam-line Collins brings her West End triumph to Broadway in Willy Russell's amusing and touching story of a Liverpool woman's awakening in the Aegean Sea. Simon Callow again directs with wit and something of the North-east English edge that retain an authentic touch.

Jerome Robbins' Broadway (Imperial). Anyone attracted by the action of a three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including *On the Town*, *West Side Story* and *Gypsy*.

Rumours (Broadhurst). Neil Simon's latest comedy is a self-contained and amusing scene-studded door and lots of mugging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing *Cats* (Winter Garden). Still a sell-out. Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually starting and choreographically fine (238 2252).

A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songwriters are used as auditions rather than emotions (238 2200).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (238 2200).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leanness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (247 0033).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the

EXHIBITIONS

London

The Royal Academy. Italian Art in the 20th century: after German and British, the third in the Academy's roughly biennial sequence of major national surveys. This is an exceptionally thorough study of the earlier phases, clearly setting out the several developments of Futurism, Metaphysical Painting, Realism and Abstraction, but is rather more cursory and hatter-skater in bringing the story up to date. But the works in themselves are well chosen throughout, never less than intriguing and often very beautiful. All in all it is a remarkable exhibition. Daily until April 9; sponsors Alitalia and Fiat.

The Barbican Art Gallery. The Last Romantics. A fascinating study of the romantic, symbolic and decorative strain in British painting, that links Burne-Jones and the later pre-Raphaelites to Stanley Spencer and the Stude Romantics of the 1920s. Daily until April 2.

The Whitechapel Art Gallery. In collaboration with the Fundació Joan Miró, Barcelona, Joan Miró: Paintings and Drawings 1929-41 - a study of the purest and most abstract of the Surrealists through the period of transition from his earlier, directly figurative work, to the final confirmation of his mature and most characteristic manner. Daily except Mondays until April 23 - sponsored by Citicorp/Citi-bank.

Chicago

Driving Miss Daisy (Gracie Street). The touching relationship between a dowager, played in this production by Dorothy London, and her black chauffeur exposes the changes in the South over the past several decades (245 4000).

Steel Magnolias (Royal George). Ann Francis and Patricia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (268 5000).

Tokyo

Kabuki. At the National Theatre (238 7411). *Shinsarapashiki Tsubaki* (10 *Tsubaki's Dream*) depicts the uneasy relations between the upper and lower classes in the late 18th century and contains a famous scene in which the leading character breaks a vow and turns back to drink.

Kyuo (The Dragon King). Shim-bashi Enshu Theatre (541 2211). *Vulgar* but highly enjoyable production (in Japanese and Chinese) in which plot, about a Chinese boy and a Japanese fisherman who join forces to defeat the dragon king, is less important than acrobatics and spectacle. Directed by and starring kabuki showman, Ennosuke Ichikawa, with over 100 members of his own company and of the Peking Opera Company.

Nanshoyo. Hanshan Pt (246 2087). Brilliantly conceived and executed adaptation (in Japanese) of Dostoyevsky's *The Idiot*, directed by Andrzej Walda and starring world-famous kabuki actor Tamasaburo Bando. A virtuoso performance.

My Fair Lady. Koseminkin Kaikan, Shinjuku (407 8155). Touring production (in which the song classic musical, with James Harrison following in father's footsteps as Professor Higgins, Debra Fennell, Space Zero, Shinjuku (238 1127). One of the leading avant garde companies presents two of Yukio Mishima's "modern" non plays, *Sotoba Zenshi* and *Lady Act* (Wed-Sun).

Paris

Grand Palais. The French Revolution in Europe. A vast exhibition organised by the Council of Europe tries to situate the French Revolution in the social and political context of Europe as a whole. Over a thousand paintings, sculptures, engravings, objets d'art and everyday objects lent by 15 countries retrace the pre-revolutionary splendour of European courts and the aristocracy as opposed to the laborious life of the peasants. The fall of the Bastille, the symbol of the Revolution, is richly documented, as is the political influence of artists who, by representing the heroes of antiquity indirectly bestowed the Roman Republican virtues on an idealised contemporary reality. A visual representation of the Human Rights Declaration becomes a cornerstone of the revolutionary iconography. The exhibition ends with images of Napoleon's seizure of power and restoration of an authoritarian regime. Closed Tue. Last opening night Wed. Ends June 26 (238 5102).

Grand Palais. Paul Gauguin. Coming after Washington and Chicago, 250 works from all over the world focus on the retrospective of the legendary *peintre maudit*, influenced at first by the impressionist Pissarro and later by Degas and Cézanne. The powerful personality of the self-taught artist rapidly asserts itself. The combination of japonism and primitivism expressed in the landscapes, portraits and the grave sensuality of his large Tahiti canvases revolutionised the artistic scene of his time and inspired the avant-garde movements of the early 20th century. Until April 24, closed Tue; late closing night Wed (42 96 58 30).

Brussels

Palais des Beaux-Arts. Art Deco in Europe. Tues-Sat, closed Mon. Ends May 28.

Musée Royal d'Art et d'Histoire. Tibet - Terror and Magic. Sculptures and paintings of latest gods on loan from the Musée Guimet, Paris. Closed Monday ends May 14 (783.9510).

Banque Bruxelles Lambert. Women at the Time of the French Revolution daily, ends May 14 (783.9510). The heritage of the French Revolution 1794-1814. daily ends June 11.

Frankfurt

'Je Suis le Caidier', the sketchbooks of Picasso. This exhibition of 40 sketchbooks and around 200 paintings, organised by the New York based Pace Gallery and sponsored by the American Express company, will have its second stop here in Frankfurt in the European tour. These fascinating sketchbooks, owned by Picasso's family have never been shown in public before. All styles and periods in his working life are represented here. These books cover around 70 years of his life; his start in Spain in the turn of the century, the cubism period before the First World War and followed by the period from 1920 to 1965. In the sketchbooks there are his most famous works as *Dama de Avignon* (1907), the *Swimmers* (1925), the *Clown* (1926). Ends May 28.

Schirn Kunsthalle and Kunstverein. Am Römerberg/Prospect 89. Peter Weiser director. Last year Frankfurt's arts association has again chosen a wide variety of artists with around 80 painters

Opera and Ballet

London

Royal Opera, Covent Garden. Luciano Pavarotti's famous 1988 production of *Don Carlo* returns for its last-ever revival, conducted by Richard Armstrong, with a cast including Samuel Ramey, Dennis O'Neill, Katia Ricciarelli, Agnes Baltsa, and Cino Bocca. English National Opera, Colston. Jonathan Miller's dark, handsome staging of *Don Giovanni* is revived with Steven Page in the title role, Rita Cullis as Anna, Elizabeth Hynes as Elvira and Jane Glover (making her ENO debut) as conductor. More performances of the first-ever Coliseum *Faust*, produced by David Pountney and conducted by Mark Elder or Lionel Friend, with Benjamin Luxon at the head of an excellent cast, final showing of *The Turn of the Screw*, another Miller production, with a notable Quint and Governance in Robert Tear and Gillian Sullivan.

Paris

Théâtre des Champs Elysées. Rossini's *William Tell* with Michael Schoenwandt conducting the Orchestre National de France in a new co-production between the Théâtre des Champs Elysées, Teatro alla Scala, Nice Opera and the Royal Foundation for Music (4722587).

Paris Opera. Tchaikovsky's *Sleeping Beauty* in Rudolf Nureyev's production and choreography after Petipa conducted by Patrick Fournillier alternating with Vello Paehn in Nicholas Georgiadis decares and with Paris Ballet (4722571).

Théâtre de la Ville. Carolyn Carlson dances *Solo Blue Lady* René Aubry's music (4274277).

Brussels

Théâtre Royal de la Monnaie. *Fidelio* produced by Adolf Dresner at the Monnaie conducted by Hans Zender. Josef Probstchka in Florestan, Janis Martin plays Leonore (Fri, Sun, Tues) 218.1211.

Vienna. Stanspoper. In repertory: *Il Barbiere di Siviglia* conducted by Ion Marin and sung by Martine Dupuy, Nicolas Ghiausor, Bruno Foa; *Der Rosenkavalier* conducted by Horst Stein, with Lucia Popp, Patricia Wise, Alfred Stramek and Peter Jelocovic; *Il Trovatore* conducted by Bertilav Klobucar with Martina Dupuy, Brigitte Fuchser, Klaus Peter Cappuccilli. Ballet: *Tanz Suite* conducted by Arturo Tamayo, and *Rhapsodie* conducted by Caspar Dutoit (44. ext. 2660).

Violsoper. In repertory: *Die Zauberflöte*, *Die Fledermaus*, *Der Fremdenführer*, *Die Froschschitz*, 200 performances by Maria David, David Escher and Martin Finka. *Faust*, sung in French rounds off the week.

Berlin

Deutsche Oper. Closed for renovations.

New York

Metropolitan Opera. Benjamin Britten's *Billy Budd* returns to the repertory with Thomas Allen in the title role, James King as Captain Vere and Jan-Hendrick Roetering as Claggart, conducted by Thomas Fulton. *Die Walküre*, conducted by James Levine, Jessye Norman sings Sieglinde, with Hildegarde Behrens as Brunnhilde and James Morris as Wotan. The week's performances also include *Die Fledermaus* with Fel-Syung Hong as Gilda and Leo Nucci in the title role, conducted by Nello Santal and the last performance of *Eugene Onegin* conducted by Andrew Litt and with Jorma Hynninen in the title role. Lincoln Center Opera House (262 6000).

Washington

National Ballet Theatre. While Mikhail Baryshnikov performs in *Motomorphosis* on Broadway, his company premieres a new staging of *Swan Lake* as part of their mixed spring repertory. Ends April 16. Kennedy Center Opera House (264 5770).

Tokyo

Saburo Teshigahara (modern dance). *Motomorphosis* (Mon, Tues), *Edo no Hana* (Sun, Tues) (Thun) Parco Theatre, Shinjuku (233 4645).

Vienna

The Bank für Arbeit und Wirtschaft. A large and varied exhibition of paintings and watercolours by George Elser, one of Austria's best known painters, is on show. Elser left Vienna during the War, lived in Manchester but was one of the few artists to return. Ends April 20.

Secession. There is always some exhibition by Austrian artists on show here. But it is also worthwhile to go downstairs and see Klimt's *Beethoven Frieze*, which has been restored to its original form. The Secession, one of Vienna's fine-decades painters, has been wonderfully restored.

A New Art Gallery. run by the state-run *Landesmuseum*, makes its debut with what is expected to be an exciting exhibition on Egon Schiele, one of Vienna's greatest *fin-de-siècle* artists.

The Kunstforum. A new art gallery run by the state-run *Landesmuseum*, makes its debut with the Leopold collection, a Vienna-based collection of modern paintings by Egon Schiele, one of the leading lights of Vienna's *fin-de-siècle*, for next to nothing in the 1980s. There are some wonderful Klimt sketches and Koloczek-Kas. Well worth catching. Ends June.

Brussels

Palazzo Braschi. Views of Rome by Gian Battista Piranesi and engravings by Piranesi and contemporaries (including his son, Francesco and his maestro, Giuseppe Vasi) covering the years 1740-1793 at a major period in the city's history, when decorative additions to the baroque city such as the Trevi fountain and the flight of steps from Titina to the Forum were completed, and a mere 100 or so years had passed since Bernini had completed the two fountains and the colonnade in St Peter's Square. The exhibition opens with the exquisite map of the city engraved by Gian Battista Nolli in 1748, between which Piranesi's *View of the Forum* and the colonnade in St Peter's Square. The exhibition opens with the exquisite map of the city engraved by Gian Battista Nolli in 1748, between which Piranesi's *View of the Forum* and the colonnade in St Peter's Square. The exhibition opens with the exquisite map of the city engraved by Gian Battista Nolli in 1748, between which Piranesi's *View of the Forum* and the colonnade in St Peter's Square.

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Legrand

Consolidated income: + 30%

The Board met on March 15, 1989, with Mr François Grappotte in the Chair, to close the financial statements for 1988.

Consolidated figures (in million)	1988	1987	%
Sales	5,616	4,936	+ 14
Net Income (Group share)	595	458	+ 30
% of sales	10.6%	9.3%	
Funds provided from operations (Cash flow)	887	743	+ 19
% of sales	16%	15%	

Excluding structural changes, Le without the consolidation of Skalar Electric (U.S.A.), sales rose 9%.

Shareholders: meetings will be held on April 28, 1989 to vote on the proposed merger.

Further to the above operation, more than 45% of LABINAL, a company currently traded on the Paris Stock Exchange, will be controlled by SOPARTECH, a newly created holding company of which the SZODLOSKI Family, heirs to the founder of TURBOMECA, will own 50%. The balance of the shares of SOPARTECH will mainly be owned by financial institutions.

The merged company, which will retain the name of LABINAL, will have sales amounting to French Francs 7 billion, achieved for two thirds in the aerospace/electronics markets and one third in the automotive market. Its three business segments operated by eight Divisions specialize in: - small and medium gas turbines used primarily to

Joint company announcement

ANGLOVAAL LIMITED
(Reg. No. 05/4549/06) ("Anglovaal")
Incorporated in the Republic of South Africa

MIDDLE WITWATERSLAND (WESTERN AREAS) LTD
(Reg. No. 05/8449/06) ("Mid Wits")
Incorporated in the Republic of South Africa

Lavino South Africa (Proprietary) Limited ("Lavino")

On 2 February 1989, Anglovaal announced that it had contracted with Applied Industrial Minerals Corporation of the USA to purchase the entire issued share capital of Lavino for R77 655 000. All of the contractual conditions have now been fulfilled.

In terms of its agreement with Mid Wits, Anglovaal has offered - and Mid Wits has accepted - a 49 per cent participation in this investment.

Johannesburg
30 March 1989

LABINAL/TURBOMECA

The respective Board of Directors of LABINAL and Société Financière TURBOMECA (SOFIT), two corporations headquartered in France, met on March 10, 1989 and decided in principle to merge the two companies.

Shareholders' meetings will be held on April 28, 1989 to vote on the proposed merger.

Further to the above operation, more than 45% of LABINAL, a company currently traded on the Paris Stock Exchange, will be controlled by SOPARTECH, a newly created holding company of which the SZODLOSKI Family, heirs to the founder of TURBOMECA, will own 50%. The balance of the shares of SOPARTECH will mainly be owned by financial institutions.

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The new entity will employ approximately 15,000 people worldwide, 1,000 of them in the United Kingdom where it operates through the following subsidiaries: MICROTURBO Ltd, CINCH CONNECTORS Ltd, LABINAL ASRO AND DEFENSE SYSTEMS Ltd, LABAULTO Ltd, CROSLAND FILTERS Ltd, and TELMA REPAIRER Ltd. Its consolidated turnover in the United Kingdom exceed 55 million Sterling Pounds.

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ARTS

Rambert Dance Company

SADLER'S WELLS

The opening programme in the Rambert spring season on Wednesday night asserted certain very important facts about the company in the third year of Richard Alston's directorate. The "house style" is clean, the dance sharp in outline, bright in dynamics. The visual identity of the repertoire is no less sharp and assured, witness the Bruce McLean decoration for *Soldat* and the lean, sure look of a troupe of three in the evening. The musical texts are adventurous, well performed; the repertoire can encourage new creators - Ashley Page from the *Royal Ballet* - and show crucial influences such as Merce Cunningham, as well as offering Alston's own distinctive imagery.

The effect is of integrity in artistic decision and aim, sustained by an ensemble that now looks as if they have been responsive as at any time in my four decades of watching Rambert. And though there was nothing brand new in the evening - the London novelty was Page's *Soldat* - the continuing freshness of style and the rigour of presentation

made for continual pleasure in watching a troupe on peak form.

Cunningham's *Septet* mingles an innocent lyricism with funk-nuff charm, just as does its *Scenes* score, and my eye was constantly drawn (as throughout the programme) to the dancing of Amanda Britton. With her long, true limbs, she is a Euclydean dancer, proving Cunningham's elegant theories with an unerring simplicity and grace. The abrasive response to *Septet* continues to be Richard Alston's *Hymns*, driven on its way by the aggressions of Peter Maxwell Davies' writing for clarinet and piano. It is hysterical music which Alston shapes as a view of uneasy and harsh physicality: its two couples perhaps arriving at some form of self-knowledge at the end of the piece.

The poor *Soldat* in Ashley Page's *Soldat* knows only too well how he has been cheated by the *Devil* as the piece ends. His story, as I reported from the work's premiere in October, is told in almost non-representational terms. Like the

brilliantly coloured shapes and structures of Bruce McLean's dazzling setting, which create a powerfully direct yet reverent theatre for the action, Page's movement reduces narrative to an essence, lively, classically inventive, revealing. It is the most sophisticated of folk-worlds, but oddly innocent nonetheless, and performed with tremendous brio by its cast - Paul Old catching every least nuance of expression as the Soldier, Steven Brett as the Devil pouncing on the music, and Amanda Britton all clarity as the Princess. *Soldat* is a fine achievement by Ashley Page and his collaborators.

The closing *Strong Language* is Alston's response to contrasting moods in John-Marc Gwynne's electronic score. A passionate lyricism and a dis-ent-beat, gentle lines and subtle stoppings, meet here in vivid contrast. I think the score overstates its welcome, but the Rambert dancers' skill everywhere holds our attention.

Clement Crisp



Amanda Britton and Paul Old in *Soldat*

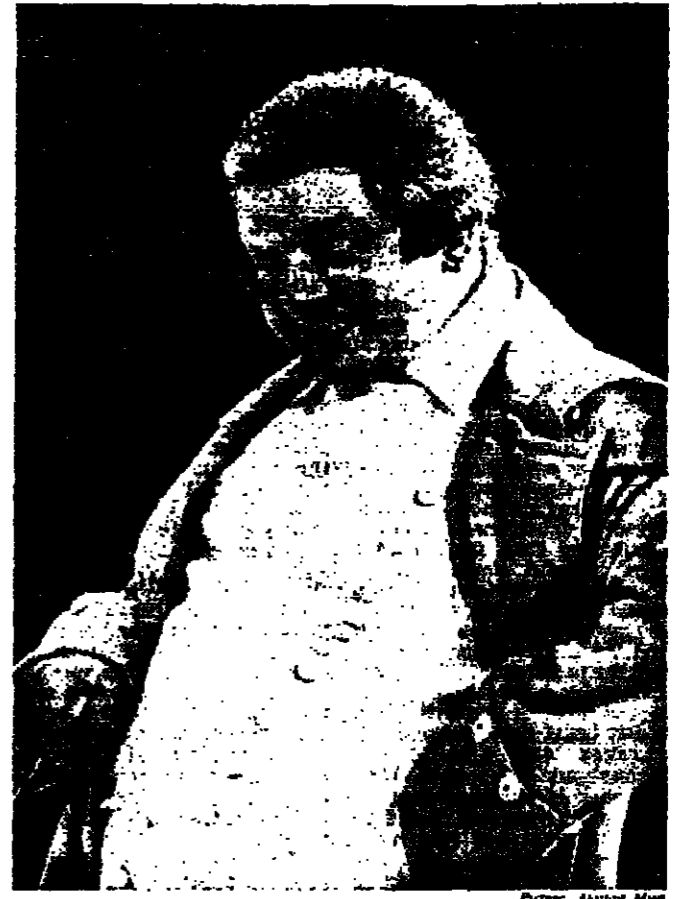
Restoration

THE PIT

The approach to London's wretched Barbican Centre gets a little more hideous each day. The clowns and buffoons who make up such City planners as found redeployment from the Luftwaffe are pulling down modern eyeglasses and erecting even bigger ones with an eye to cutting down such as yet unutilised resources as sunlight and sky. All of which makes a curiously apt setting for the RSC revival of Edward Bond's *Restoration*, the first RSC transfer this season from leafy Warwickshire.

Roger Michell's cogent, absorbing production was reviewed by Michael Coveney at the Swan at Stratford last autumn. It brings out the curiously English quality of Bond's angry gawards for grotesques: a dash of Hogarth, a touch of Ben Jonson, but above all a visionary freedom that takes in the banal besides the sublime, a mixture of passion and simplicity that transcends the rules of mere naturalism and recalls William Blake.

Bond's caricatured 18th century is motivated by self-interest: the new industrialists seek status, the impoverished nobility wealth. A subsequent proletariat blind belief in the paternalistic hierarchy providing the best of all possible worlds, the innocent framed for murder but placidly awaiting the promised reprieve until the rope is round their neck. Murderers strike bargains with their victims' parents when profit rears its head. Expediency rules.



Simon Russell Beale as the villainous Lord Arden

The production is dominated by Simon Russell Beale's villainous Lord Arden. At first glance a comically tetchy fop, except in the case of poor Bob's mother. Her song, with its specific references to the Falklands, strikes a note of personal emotional and particular involvement and jars against the sardonic detachment of the others despite - perhaps because of - the excellent Pip Hinton whose rendering prompted an unalienated round of applause.

David Fielding's setting of clean, stark white is dazzlingly lit by Rick Fisher, as merciless as the impartial sun that Lord Arden worships: a fit background for some fine RSC ensemble playing. Duncan Bell's Bob, starting as Mummerset but soon lapsing into Scottish, makes his pathetic trust in his

beautifully set by Ilona Sekacz whose music captures the anger, the brooding lyricism and the bitter pity of Bond's lyrics. The players emerge from their characters to sing, except in the case of poor Bob's mother. Her song, with its specific references to the Falklands, strikes a note of personal emotional and particular involvement and jars against the sardonic detachment of the others despite - perhaps because of - the excellent Pip Hinton whose rendering prompted an unalienated round of applause.

David Fielding's setting of clean, stark white is dazzlingly lit by Rick Fisher, as merciless as the impartial sun that Lord Arden worships: a fit background for some fine RSC ensemble playing. Duncan Bell's Bob, starting as Mummerset but soon lapsing into Scottish, makes his pathetic trust in his

betterly tragic rather than simple. Mark Sproston's fifth-caked raller, Patricia Lawrence's bedizened dowager squatting in ragged finery and Jane Cox's mixture of obnoxious civility and near-insane rancour as the Jailer's wife clanking up every cup of tea, cake and glass of ale for future reckoning as she dolos out favours to the condemned, all contribute notable cameos. Only Joe Melia's country parson is miscast. The dozen of fly-boys, Mr Melia confuses the obsequious casuistry of the cloth with the patter of a Peticoat Lane trader - its equal in insincerity, possibly, but of necessity differing in style. And this vicar gives signs that he doesn't quite understand what he is saying. Otherwise, an engrossing three hours.

Martin Hoyle

'Freedom' concept proves a born survivor

IN 1891 six Danish artists founded Den Frie Udstilling - The Free Exhibition - in response to their repeated rejection by the official Copenhagen Salon at Charlottenberg. Their exhibition society proved less a Salon des Refusés than a prototype Vienna Secession. Like the Vienna Secessionists (established in 1898) the group appeared to "recognise no difference between high and low art."



Detail from *Woman in a Garden*, by Kristian Zahrtmann

Leading lights of the Danish Arts and Crafts movement were among its founding members - John Rohde, Vilhelm Hammershoi, Christian Mourier-Pedersen, Harald and Agnes Slott-Møller and J.F. Willumsen (Kroyer joined soon after) - and paintings, sculpture, prints and ceramics were shown side by side.

So immediate was Den Frie's success that the group built its own gallery the following year. That was replaced nine years later by Willumsen's white chipboard structure, more modest but every bit as distinctive as Olbrich's Secession building.

Once accepted as a member, the artist was free to submit what he or she wanted. Neither group imposed any specific style, and both recognised the necessity of forging contacts with international artists. What distinguished Den Frie from other Secessionist groups is its survival. In two years time Willumsen's gallery will host its centennial show. The society survived because there

was no avant-garde to turn into rear-guard.

The character - if not the scale - of Den Frie's early exhibitions is reflected in a delightful exhibition at the Bury Street Gallery in St James's, London, which has pioneered the sale of Danish paintings in London. It presents 20 works of art (no sculpture or ceramics) by artists who exhibited at Den Frie before the First World War.

Subject matter and technique could hardly be more diverse. Beside quiet, classical interiors by Hammershoi are Rohde's view of the Forum, naturalistic Danish landscapes,

a bold townscape by L.A. Ring, Harald Slott-Møller's park scene at twilight - indebted to French Academic Classicism - a Symbolist watercolour, and Kristian Zahrtmann's vibrant *Woman in a Garden*, almost Pre-Raphaelite in its observation of nature and high palette. Edward Weie's comparatively harsh interior is a fascinating early work by one of Denmark's greatest colourists.

The meeting of Golden Age Denmark and French Post-Impressionism provides arguably the most intriguing works on show. In 1887 Christian Mourier-Pedersen travelled to the south of France to recuperate

from illness, and met Van Gogh in Arles. The two became companions, painting and supping together for several months. Van Gogh recorded an improvement in the Danish work, which he initially found "too dry, correct and timid."

Two canvases here date from this period. The first is a tranquil twilight landscape, suffused with soft rosy light. The second shows buildings on the edge of Arles under a brilliant blue Provencal sky; the colour is hotter and the composition built up by a weave of impasted brushstrokes.

Van Gogh's gauntlet was never picked up by the Danes.

Mourier-Pedersen reverted to painting traditional Danish interiors on his return home. When Den Frie organised a Van Gogh and Gauguin exhibition in 1893, not one of Van Gogh's works was sold, even with price tags of 500-600 Kroner (around £30).

Dutch painting was important to Hammershoi. His contemplative, light-filled interiors are out of De Hooch and Vermeer, albeit via Whistler. Despite international acclaim, Hammershoi was not a success at home. His four canvases steal this show. Dominating the gallery is a large, enigmatic canvas of a large, empty room; its austerity relieved only by the meandering of the Rococo plasterwork. A hint of drama is provided by an open door. Once again, the artist is playing tricks with light and perspective.

More Whistlerian in its daring composition and cropping is the extraordinary view of the interior of the house he and his wife rented in Brynsvick Square in 1912. He paints the three sash windows as the face dissected by its broad plaster pliers. The drab London light is captured as accurately as clear Copenhagen mornings.

His grey-green pea tones are iridescent. Light is his true subject. Hammershoi liked the canvas so much he hung it in his bedroom - I wish I could do the same. The exhibition continues until April 14.

Susan Moore

York Piano Trio

WIGMORE HALL

This is only the Trio's second season, though its members are experienced young performers. Some unevenness in their concert on Wednesday was neither surprising nor culpable; much more interesting were present achievements and, still more, the potential strengths of the team.

In Beethoven's "Ghost" Trio, op. 70 no.1, what was in any case a highly dramatic reading (and, springing other movements, and a Largo (the "ghost" movement) of positively Gothic heights and depths - was enhanced by the pianist John York's ability to play even dense chordal material at a lucid pianissimo when needed. The strings in

a piano trio are rarely so fortunate; furthermore, York's parsimony with the pedal everywhere allowed the strings to stand out unblended. In effect, this performance claimed some of the principal virtues of period-instrument Beethoven. A modern asset, however, was the sheer size of the string sound, capable of striking through any but the most unbridled roars from the piano.

There were a few of those in Shostakovich's Beethoven minor trio, which was often exciting and often under-controlled (sometimes at the same time): skittish rhythmic impulses lost both the Largo passacaglia and, especially, the grim finale a degree or two of their full

gravity. At the outset the cellist Andrew Fuller, eloquent in all the right places - he is much the most lyrical player of the team - did not risk the keening legato that his eerie, almost superhuman part really wants, but he slipped three or four times anyway. (It is among the most treacherous challenges in the repertoire.) The proportions of the whole piece, and its desolate feeling, were nonetheless justly rendered.

In Dvorak's F minor trio op. 65, the pleasure of hearing his repetitions, sequences and busy passage-work made briskly articulate, instead of melting into a warm soup, was somewhat com-

promised by an excess of hard, dry ironism from the piano. There was a continuous string of bright little events, not much sense of an overall, movement-by-movement ground plan - something that has to be firmly marked when Dvorak is unstopably loquacious, as he is here. The comfortable buoyancy that must carry it all is not to be achieved quickly (unless by well-tuned Czechs); it is that level of justicious sympathy that one will hope for as this extremely promising trio develops.

David Murray

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ARTS GUIDE

MUSIC

London

Royal Philharmonic Orchestra, conducted by Sir Charles Groves, with Janina Fialkowska (piano), Handel, Grieg, Delius, and Mendelssohn. (Sun) Royal Festival Hall (929 8900).

London Symphony Orchestra, conducted by Rafael Frühbeck de Burgos, with Igor Oistrakh, Braxmas, Beethoven. Barbican Hall (936 8971).

The Philharmonia, conducted by Andrew Davis, with Sylvia Marcovici (violin), Boult, Bar, Bartok, Furtwängler. (Mon) Royal Festival Hall (929 8900).

London Philharmonic, with the London Philharmonic Choir, conducted by Simon Rattle, with

Arleen Auger (soprano), Haydn. (Tue) Royal Festival Hall (929 8900).

London Symphony Orchestra, conducted by Rafael Frühbeck de Burgos, with Igor Oistrakh, Braxmas, Beethoven. Barbican Hall (936 8971).

Paris

Suzanne Damm (soprano) with John Wustman (piano), Théâtre de l'Ancêtre (Mon) (4749 9777).

Ensemble Musiqueuses conducted by Christophe Colin, Patrick Cohen, (piano), Mozart. (Mon) Théâtre des Champs Elysees (4720 8877).

Quatuor Chiffingoleux: Schubert, Castorède (3.15 pm) D de Willibrodus (cello), Anne Quilès (piano), Leloux, Debussy, Caplet, Faure. (Tue) Radio France, Grand Auditorium (4380 1516).

Orchestre de Paris conducted by Daniel Barenboim, Alfred Brendel (piano), Beethoven. (Wed, Thur) Salle Pleyel (4658 7960).

Vienna

Sinfonia Stabat Orchestra: Kottwitz, conducted by Krzysztof Penderecki, Penderecki, Shostakovich. (Sat) Konzerthaus, Wiener Kammeropertheater, conducted by Wolfgang Schultz, Eder, Haydn, Czerny, Bach, Mercedante. (Sat, Sun) Konzerthaus.

Classical Concert, conducted by Rene Clemencic, Miscellaneous Baroque. (Mon) Musikverein.

Wiesner String Quartet, Schubert, Berg, Beethoven, Palais Clam Galles (Tue, Thur).

Kochl Quartett, Webern, Schoen-

berg, Haydn, Musilverstein. (Wed) Haydn, Thea Vrakelj, Czerny, Dvorak, Konzerthaus. (Thurs).

Frankfurt

Frankfurt Radio Orchestra, conducted by Dmitri Kitajenko and soloists Maria-Luise Neumecker, Robert Year, Britten and Schostakovich. Altk Oper (Thurs).

Berlin

Berlin Philharmonic Orchestra under Bernard Haitink, Mahler, Philharmonie (Thurs).

New York

Ensemble Schubert Ensemble recital with Anthony Newman (piano), Vivaldi, Corelli, Geminiani. New York Public Library (Mon).

New York Philharmonic conducted by Klaus Tennstedt with Benita Valente (soprano), Schubert, Mahler, Avery Fisher Hall (Tue) (874 6770).

Marilyn Horne mezzo-soprano recital with Martin Katz (piano), Haydn, Schubert, Nix, Tancina, Granados, Obradors, Viardot, Dvorak. Carnegie Hall (Wed) (247 7800).

Julliard Orchestra conducted by Otto-Werner Mueller, Jan Radevski (World Premiere), Prokofiev, Tchaikovsky. Avery Fisher Hall (Wed) (874 6770).

Indianapolis Symphony Orchestra conducted by Raymond Leppard with Marianne Horchum (mezzo-soprano), Edgar, Czerny, Beethoven, Canteloube, Carnegie Hall (Thurs) (247 7800).

New York Philharmonic conducted by Klaus Tennstedt with the New York Choral Artists directed by Joseph Flummerfelt.

SALEROOM

No bids for fine violin

Sotheby's had a setback yesterday when a violin made in Cremona in 1743 by Joseph Guarneri del Gesù, who is rated by the knowledgeable as the superior to Stradivari as a violin maker, failed to find a buyer. The Elia Henry Violin, so named after a previous owner who acquired the Guarneri while a teacher at the Royal College of Music in London, was expected to sell for up to £200,000 (which would have made it the most costly violin at auction), but there was no bidding in the room at all. This is probably because the varnish on the back is unattractive, which detracted from the beauty of its sound.

An autograph letter, one of 13, plus a violin, by the 19th century French maker Jean

Baptiste Vuillaume sold for £28,500, below estimate, to a Japanese buyer. In it Vuillaume writes: "I make beautiful and fine things that are very sought after, and in fact I will make instruments until the last day of my life. One does not easily abandon work so purely artistic as to provide the greatest joy..."

All told the auction of musical instruments brought in £745,701, with 34 per cent unsold. The top price was the \$90,200 paid for a violin made by Giovanni Battista Guadagnini in Piacenza in 1747. This too was at the bottom of its estimate, showing what a small and selective market musical instruments is.

Antony Thorncroft

MacMillan ballet premiere

Sir Kenneth MacMillan's *Prince of the Pagodas* will finally be premiered by the Royal Ballet in December of this year, writes David Churchill. The premier had originally been scheduled for this spring but was delayed by Sir Kenneth's illness last summer. The new work will be part of a season of MacMillan ballets in December to celebrate Sir Kenneth's 60th birthday. Among the revivals will be his produc-

tions of *Gloria*, *Requiem*, and *Song of the Earth*.

The Royal Ballet's plans for next season, announced yesterday, include a collaboration with the Royal Opera on a new production of *Prince Igor*, the first such collaboration involving the full company for over 40 years. Prices for the ballet at Covent Garden next season will rise by an average of 14 per cent, the Royal Opera House announced yesterday.

NOTICE TO HOLDERS OF CONVERTIBLE BONDS

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Pursuant to Clause 7 (B) of the Trust Deed dated 31st March, 1987 (the "Trust Deed") relating to the above-mentioned Convertible Bonds (the "Bonds"), the following notice of an adjustment to the Conversion Price (the "Conversion Price") of the Bonds is hereby given.

The Gunma Bank, Ltd. made a public offering in Japan of 10,000,000 shares of its Common Stock (with par value of Yen 50 per share) on Monday, 27th March, 1989 at the subscription price of Yen 1,014 per share, which is less than the current market price per share of Yen 1,079 calculated as the above public offering, the Conversion Price of the Bonds has been adjusted, pursuant to the provisions of Clause 7 (B) (v) of the Trust Deed, from Yen 784.50 per share to Yen 783.50 per share effective as from 28th March, 1989.

Dated: 31st March, 1989

THE GUNMA BANK, LTD.

Friday March 31 1989

An African blueprint

MRS MARGARET THATCHER has been stamping her mark on southern Africa this week and the imprint is clear. The British version of constructive engagement, which first involves mopping up outstanding regional disputes and later concentrating on the internal affairs of South Africa itself, is being pursued with vigour. The Prime Minister's strategy reinforces her opposition to sanctions against South Africa, argues that contact with the Pretoria government is more productive than isolating it, sees hopeful developments within South Africa itself and raises the possibility of greater co-operation between the West and the Soviet Union in tackling the problems of the region.

Tomorrow, she could well give a striking demonstration of her belief that fundamental changes are under way throughout the region. Mrs Thatcher is considering stopping in the Namibian capital of Windhoek on her return to London on the day the territory starts its transition from South African control to independence elections monitored by the United Nations.

It would be a dramatic gesture, serving to underline the changing regional realities which make up part of Mrs Thatcher's case. Economic and demographic factors are taking their toll of apartheid, as the negative market reaction to the latest South African budget demonstrates. The outcome of the leadership dispute in South Africa between President P.W. Botha and Mr F.W. de Klerk could revive the stalled process of reform, though this is not a foregone conclusion. Moreover, there is no doubt that Moscow is urging the African National Congress to reassess its military strategy.

Acid tests

Yet three acid tests need to be applied to the Prime Minister's vision of a new and hopeful era in the region, based, in part, on her belief that Pretoria is now prepared to live at peace with its neighbours. These are the release of Mr Nelson Mandela, the ANC leader, essential for the success of any political reconciliation in South Africa; the end of the conflict in Mozambique, and

respect, above all by South Africa, of the agreed terms of the Namibian settlement. Despite the non-aggression pact signed with Mozambique in 1984, Pretoria has failed to end its support to the Renamo rebels - or at least has turned a blind eye to assistance privately channelled through South Africa. The Mozambique government's failure to win the war may be explained partly by the fact that its army is inadequate, but that surely is only part of the story.

Treaty obligations

Mrs Thatcher herself, in visiting a British-trained Mozambican troop base this week, again denounced Renamo as "terrorists." Yet her government has made the necessary commensurate demand that Pretoria fulfil its treaty obligations and has gone no further, so far, than making oblique references to this desirability.

The complexities of Namibia are very different, but the fundamental issue - South Africa's real intentions - is the same. Much can go wrong in the territory's highly charged atmosphere, as South Africa withdraws its troops but retains a powerful influence through the local police force and an administration which, for the most part, treats the prospect of a victory by Mr Sam Nujoma's South West Africa Peoples Organisation with misgiving, if not outright hostility.

The presence of a United Nations monitoring force of soldiers and police can help ensure fair elections, but there is still scope for abuse by the contestants. South Africa favours. The Prime Minister's presence in Namibia would be intended as a signal to South Africa that she wants to see fair play. It should also serve as a reminder that, if Pretoria continues to play a moderating and constructive role in the region, it must respect its international engagements. If South Africa fails to do so, then this week's call by President Robert Mugabe of Zimbabwe for mandatory sanctions against South Africa could command wider support.

The cure for congestion

BRITAIN'S transport infrastructure - or rather the lack of it - is becoming a steadily more sensitive political issue. A problem on the roads might perhaps be excusable. But the congestion enveloping London and the south east is pervasive: it is common to all modes of transport - air, rail, road and the Underground.

The quality of many people's lives is undoubtedly being impaired by the delays and overcrowding. But estimates of the economic burden placed on industry are rare. This week the Confederation of British Industry entered the fray, claiming that the total costs were about £15bn a year, or more than four times the usual quoted figure. Two thirds of the costs are borne by companies operating in London and the south east.

The accuracy of the CBI estimate is hard to judge. But it is based on a survey of members which indicates delivery, service and sales costs are 20 per cent higher in London and the south east than elsewhere. Several concrete examples are given. Sainsbury, for example, makes 50 to 60 per cent of its deliveries before 7.30 in the morning; even so delays and lower traffic speeds are reckoned to add £3.4m a year to its annual costs. Marks and Spencer puts a £2m price tag on its congestion costs. British Telecom claims that an improvement in road speeds in the capital area of just 1.4 mph would cut its costs by £7.25m a year.

Alarm bells

These are big numbers. Yet small companies are thought to face even bigger proportionate costs as a result of congestion. The CBI analysis ought to set alarm bells ringing in Whitehall. The thrust of government policy for a decade has been to create the conditions in which entrepreneurship can flourish.

Lord Young and other ministers have been leading campaigns to cut red tape and reduce the unnecessary constraints imposed by the public sector. Yet if the CBI is correct, such efforts have been in vain. The savings achieved by the efficiency units have been more than offset by the creeping paralysis of business caused by the failure to invest

in transport infrastructure. If congestion costs are high in London and the south east, should not businesses move to less crowded parts of the country? This congestion-as-region policy argument is defeatist at the best of times. The goal of regional policy should surely be to make less attractive regions more attractive rather than to enforce migration by allowing infrastructure to deteriorate in prosperous areas. In any case, this argument overlooks the fact that, with the construction of the Channel Tunnel, London and the south east will increasingly act as a conduit for trade with continental Europe. The costs of congestion in the south east will be borne by companies, wherever they are located in the UK.

Primitive network

Britain already suffers worse road congestion than other large European countries. The rail network is primitive (large sections are yet to be electrified) and incompatible with that in use throughout continental Europe. The south east seems likely to run out of runway capacity within a decade or so.

The CBI is right to worry that these and other shortcomings could place British businesses at a significant competitive disadvantage in an increasingly unified European market. But it is wrong to argue that the Government should therefore offer companies 100 per cent tax incentives for investment in transport infrastructure. The tax system is already distorted and further ad hoc concessions could only make the playing field still more uneven.

Business leaders' calls for greater co-ordination of transport planning, however, are fully justified. It cannot make sense for 38 local highway authorities to share responsibility for 90 per cent of Greater London's roads. Nor are internal divisions within the Transport Department helpful; roads and rail should not be separate empires communicating only at deputy secretary level. But no amount of organisational rejigging can obscure the fact that efficient transport systems cost money. The economies of the past decade are beginning to look expensive.

Peter Bruce looks behind the Spanish Government's flotation of Repsol

The Spanish love a gamble, but the country has never tried anything quite as ambitious as the part-privatisation of its biggest company, Repsol, the state-owned oil conglomerate.

The flotation of some 20 per cent of Repsol - in Madrid and New York with private placements in Europe and Tokyo - is expected to raise up to \$1bn and to launch one of Spain's last large protected industries into the European Community's liberalised single market after 1992.

Repsol was created amidst overwhelming publicity two years ago and the flotation has become a test of the Spanish Government's ability to imitate Mrs Margaret Thatcher's popular capitalism in Britain. The sale has been planned with meticulous care. Ever since the Government recognised in the early 1980s that EC membership would mean opening up Europe's fifth largest and fastest growing oil and fuels market, a ponderous effort has been made to find ways to meet the absolute minimum requirements of EC free competition and protect Repsol's commanding position.

The pieces are now in place. In 1984 the Government passed legislation reorganising the petroleum industry and the following year fixed tiny quotas under which foreign companies could import products into Spain until the beginning of 1992. A pathfinder prospectus will name a broad price range for a stake in the Repsol bonanza. On April 20, the sale of shares, at a final, fixed, price begins with trading starting around May 11. Repsol's advisers and underwriters should have little to worry about.

Repsol's history begins in 1981 when the energy operations of the big state industrial holding company, the Instituto Nacional de Industria, were hived off to form the Instituto Nacional de Hidrocarburos (INH).

Under the 1984 reorganisation, control of Campesa, which until then had merely administered the country's petroleum distribution monopoly, was also transferred to the INH. Campesa, founded in 1927, is the only company authorised to distribute oil products in Spain and in 1984 was given actual ownership of the monopoly. It now owns all of Spain's 2,000 km pipeline network, more than 2,000 road tankers, more than 1,000 rail tankers, and a 30 vessel ocean-going fleet.

In early 1985, a young Harvard and MIT graduate, Oscar Fajul, was appointed president of the INH. Fajul, now 40, is close to Spain's socialist Prime Minister, Mr Felipe Gonzalez, and helped negotiate the country's entry into the EC.

A few months later the Government tampered with Campesa again - dividing ownership of the monopoly among local refiners according to their refining capacity. This still left the INH well in control with 56.67 per cent of Campesa. The biggest private sector refiner, Cepesa, has 14.64 per cent; smaller rivals, Petromed, has 7.51 per cent; Union Explosivos, Rio Tinto (known as ERT) owns 5.7 per cent and Petronor, a Basque based-refiner part-owned by the INH and the Mexican production company, Pemex, has 13 per cent.

Spanish refiners were still obliged to sell all their output to Campesa. Both foreign and local groups were, from January 1986, allowed to import a little into Spain provided they continued to sell through Campesa. But Spanish companies were taking more than half the imported products, with foreign competitors still having great difficulty entering the market.

In 1987, Fajul launched Repsol, of which he is now chairman. This incorporates almost all the INH subsidiaries - the refining groups Hysa, Enoil and Eniepsa, the refiner

Selling Spain's oil company to the world

Empetrol, and Butano, the world's biggest butane distributor - and the great bid for a wealthy Spanish presence among the world's oil multinationals began.

According to Research Associates, a Madrid analyst, Repsol goes into its part-privatisation as the world's 19th and Europe's seventh largest oil company, with 1988 sales of \$8bn and net profits of \$468m. Mr Joaquin Tamames of Research Associates believes Repsol and its advisers will price the shares between Pta 1,600 (€8) and Pta 1,570 in today's parlance. These prices are probably conservative but "Repsol is extremely concerned with the after-placing share evolution," he says.

Assesores Bursátiles, a Madrid broker, says in a recent report that it

The flotation has become a test of the Spanish Government's ability to imitate Mrs Thatcher's popular capitalism

expects the final price to value the company between Pta 450m (€2.26bn) and Pta 600m, with the flotation raising up to Pta 100m. It forecasts consolidated net profits of Pta 71.9bn (€360m) this year, nearly four times the Pta 20.2bn reported in 1986.

The company has a vice-like grip on most of its markets, so that such growth is unsurprising. Petrol deliveries in Spain rose nearly 8 per cent last year, far higher than the rest of Europe and all the forecasts are for similarly strong growth in the medium term.

The average Spanish petrol station pumps out some 3.4m litres a year, nearly twice the nearest European rival, West Germany, with 1.9m litres. The reason is that, because of tight government restrictions, there are only 3,500 stations in the entire country, compared with, for example, more than 20,000 in the UK.

Under EC pressure, the Spanish have agreed to halve the minimum distance permitted between service stations. But the restrictions and the bureaucracy favour existing players, and make it extremely expensive for local and foreign refiners to build up their own networks.

But that is how it is meant to be. Multinationals with finely honed marketing skills could do the inexperienced Spanish great damage if they were given a free rein. Repsol and the Government have made sure that even after 1992, they will still control more than 70 per cent of the local petrol markets. Campesa is the

key.

Repsol, having taken control of Petronor this year, now owns 70 per cent of Campesa. Today, all Spanish refiners and foreign importers have to sell through Campesa's distribution network. And Campesa's position is so strong that even after the import quotas end in 1992, foreign companies trying to get into the market will be beholden to it.

Under the post-1992 regime, all local refinery output will still have to be sold to Campesa. Foreign and local companies could import but establishing their own distribution networks would be prohibitively expensive. Campesa will still offer the only viable distribution network.

Meanwhile, Campesa is expanding its service station network to take early advantage of the reduced minimum distances between stations. Of the existing 3,500 selling points, Campesa owns about 1,900 and brands most of the others, which are run by small private concessionaires. Campesa is now trying to buy these out - or where there is resistance, to force them out - in order to have 2,000 stations of its own by 1992.

Besides controlling Campesa, Repsol's other big advantage lies with its butane distributor, Repsol Butano. Spain is Europe's largest consumer of butane, a by-product of oil production and refining, and Repsol Butano controls 100 per cent of the market - more than 13m captive customers who use it mainly for cooking at very low prices. Many multinationals and local refiners sell their butane to Repsol because it would cost too much to dispose of in any other way.

But Repsol does have serious weaknesses. It does very little downstream business outside of Spain and its recent attempts to buy sources of crude oil supply, particularly in the North Sea, have been decidedly unglamorous.

Repsol wants to own 40 per cent of its crude supply but has stuck at about 30 per cent with reserves in Colombia, Indonesia, Dubai, Gabon and Egypt and small stakes in the North Sea.

It lost out last year when it offered \$276m to buy Texas Eastern's 20 per cent stake in the big Beryl field. At the last moment Enterprise Oil, a partner in the field, exercised a first option and took the prize away. Earlier this year Repsol also tried and failed to buy Thomson's North Sea. This month long-running talks over a proposal under which Pemex (which controls Mexico's crude output) would have taken 10 per cent of Repsol collapsed. The company has not given up the search, but it now also needs to spend money getting into retail markets elsewhere in the Community.

There is a chance here for foreign companies trying to get into Spain. So far only BP has managed to do this in

any significant way, by forming a joint venture - BPMed - with Repsol's rival Petromed, with which it plans to open a small network of service stations. BP may buy a small stake in Petromed, which could guarantee it access to Campesa's pipelines at a not too outrageous price.

Analysts like Mr Tamames believe the Spanish will look kindly on multinationals from countries that allow Repsol access to their own markets. After 1991, when import quotas go, Repsol/Campesa will have the right to decide who uses their pipelines. Probably, access would be open to foreigners "introduced" by Repsol and Campesa's other shareholders. Current rumour, for instance, has Shell forming some sort of partnership with Cepesa.

"The Spanish have just been playing for time," says an analyst, "and the multinationals are certain to come." One way in, of course, would be to buy the parts of Repsol available on the market - about a third of the flotation will be done in New York - and wait for the explosion from Madrid.

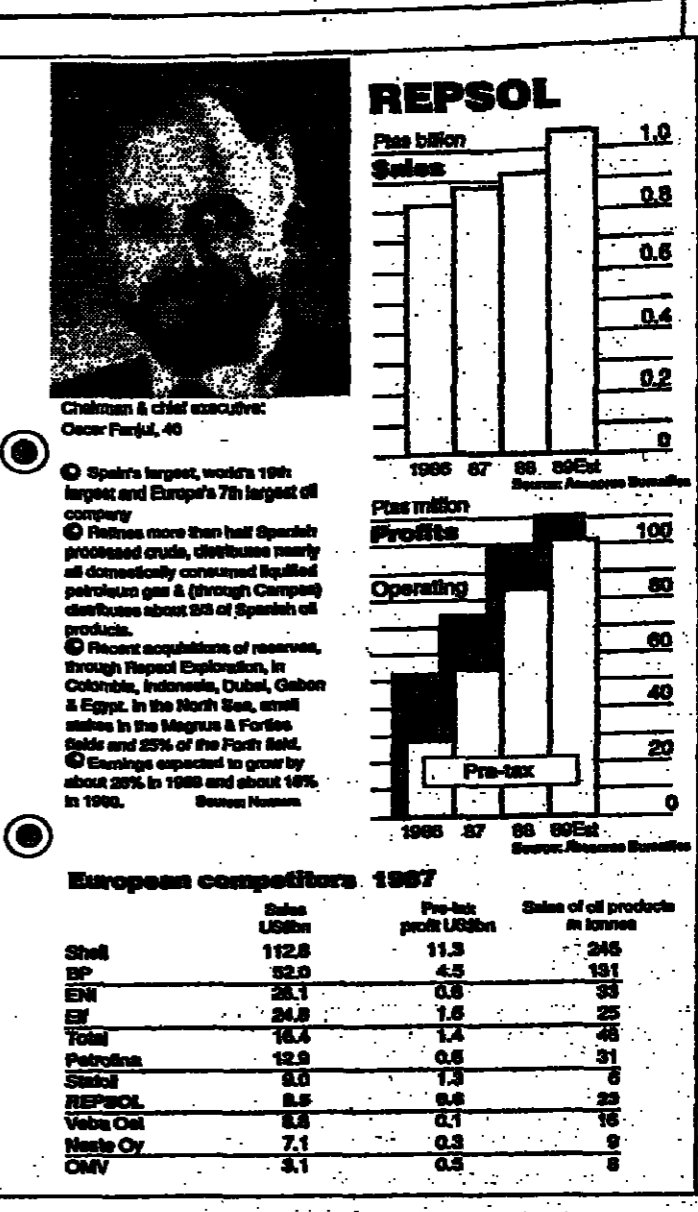
That prospect, more than anything, has bothered analysts in the run up to the flotation. Will the Government meddle with Repsol? The answers, despite Oscar Fajul's determination that it will not, are still uncomfortable. When Madrid wanted a new chief for the state television service earlier this year it simply appointed the head of the phone company Telefonica, also part privatised and quoted around the world, and did not replace him for nearly two weeks.

Even scarier is the possible role of

the industry Ministry, which remains a chummy, protectionist backwater as yet untouched by the modernity infecting, for instance, the Finance Ministry. A perfect example of its capacity for mischief-making came to light last month when someone began leaking stories to the press that the Government had revived an old desire to merge Cepesa and Petromed. They are controlled by two banks, Banco Central and Banesto, which were attempting their own merger. Petromed, the more efficient company, wanted to plough its own furrow with BP. But the rumours persisted until, just before the bank merger failed, it emerged that the senior bureaucrat in the energy department of the Ministry had been hired by Banco Central with a view to running a "merged" Cepesa and Petromed. When the bank merger failed, the Cepesa/Petromed invention did too.

Neither the Government, nor Repsol, can afford to allow the oil industry to remain a club. Multinationals - admittedly fierce in defending their own home turf when it is necessary - will be quick to cry foul to the European Commission in Brussels. As it is, Spain's leap into an open oil market has not been an object lesson in clarity and enthusiasm.

But that, for the moment, is a problem for the competition. By most criteria, the Repsol flotation should be a great success. The group goes to the markets for the first time wearing the thickest financial and legislative armour any shareholder could possibly wish for. And, they ask in Madrid, why not?



The oil bug in Surrey

Tension is rising in the Surrey village of Mickleham following the discovery of oil and the increasing probability that the Department of Environment will allow exploitation to go ahead.

By all normal standards Mickleham would count as one of England's best spots. It lies at the foot of Box Hill and is midway between Dorking and Leatherhead: a bit stock-brokerish perhaps, but still one of the jewels of the home counties.

When the oil was first discovered, no-one took much notice. Britain's growing balance of payments deficit, however, has led a number of government departments to believe that on-shore oil must be exploited almost wherever it is found.

Some local inhabitants may also have defected to the development lobby and are preparing to buy shares in an incipient company called Mickleham Oil (MOC Oil). "It's becoming more than a bit like Dallas," one of their opponents said yesterday.

Appeals to Nicholas Ridley, the Environment Secretary, are continuing and it is noted that a number of senior MPs and Ministers have their seats in the area: Sir Geoffrey Howe, the Foreign Secretary, and David Howell, a former Energy Secretary, for example. This is the sort of territory that could swing to Paddy Ashdown's Social and Liberal Democrats overnight.

The conservationists, however, may have produced a trump card which means that they will not have to rely entirely on the environmental arguments. A document has been discovered strongly suggesting that in the 13th century Mickleham was briefly an independent Dukedom. The Duchy was conferred on an illegitimate child of Charles II in 1661; although it has not been taken up since, the title

OBSERVER

is still extant.

Frantic legal work is going on to find who, if anyone, has a claim. Yet, given the law's delays, there are some fears that the oil company may be allowed to start drilling while the courts are still haggling.

Thus there is some talk of a unilateral declaration of independence.

Peter Fenton, a local inhabitant who normally spends his time selling Jacuzzi's and swimming pools to the gin-and-tonic belt, says that he has spent the entire last three weeks trying to ensure that the independence movement does not get out of hand.

But the police are now watching closely: there have been some sabotage attempts on the preliminary oil installations and the company is thought to be keeping a watching brief by helicopter. Events, Fenton warns, could come to a head tomorrow.



"I've been demoted to squad car duty."

Money in art

Art & Accounting sound like a contradiction. Not so. Basil Yamey, formerly a professor of economics at LSE and with a past record of service with the Monopolies and Mergers Commission, has produced a book of that name.

The starting point is that account books figure in an extraordinarily large number of paintings, and not only by Titian and Rembrandt.

If you think about that for a second, you will realise how true it is. Yamey does not reach any particular conclusion, but has produced a beautifully illustrated book with lots of instructive text. It is published by Yale University Press at £30. No doubt all good accountants will buy it.

Unit Trust man

John Fairbairn, deputy chair-

man of the M & G Group, takes over as chairman of the Unit Trust Association after the industry has come through a hectic period coping with the implementation of the Financial Services Act and preparing the way for unit trusts operating in a single European financial market.

That does not mean that he will have nothing to do, compared to his predecessor, Bill Stutzdorf. Fairbairn's 20 year stint, starting next month, will be a period when, he says, a lot of things will be coming together.

In Europe, the Association wants to ensure that UK management groups do not find themselves frustrated by local attitudes when trying to operate in a single market. At home, Fairbairn's top priority is for the Association to take advantage of the fresh attitude brought by David Walker to the financial services supervisory framework and try and simplify the rules. He also wants to reduce the overlap between the regulatory bodies,

Richter's wrath

The abrupt departure of the Soviet pianist, Sviatoslav Richter, at the end of his Barbican recital on Wednesday evening left the Barbican administration perplexed.

The explanation was that the recital was being filmed, and the great man is not only notoriously camera-shy but pernickily to a fault about the auditorium lighting for all his recitals. He had not been told about the filming, apparently because it was feared he would cancel the appearance.

Richter discovered the plan in the course of his performance and reacted accordingly. At any rate, that seems the most likely explanation for his behaviour, and for the tense atmosphere in which his first visit to London for more than ten years came to an end.

Hot stuff

At London's Howard Hotel, the going rate for two cups of decaffeinated coffee in the lobby is £5 - for a bowl of instant coffee granules and a jug of hot water.

Crucial Decisions

Are your property consultants members of your corporate financial team? Do they buy and sell properties in every commercial sector, deal with individual investments as well as major portfolios, and arrange the funding of development projects? Are they involved in the creation of your investment strategy? Be sure you have all the information and advice you need before making those crucial decisions.

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YOUR PARTNER IN PROPERTY

كلمة الله

Mrs Margaret Thatcher may be deluding herself. Britain has never won an argument with the Boers. During this century it has tried war, some sanctions, the despatch of eminent persons and even a visit by Sir Geoffrey Howe, all to no avail.

Politics Today

Striking a false note in South Africa

By Joe Rogaly

The Prime Minister, supremely confident, now believes that she can do better. "I think we shall get rid of apartheid without sanctions and without destroying the economy of South Africa and I hope the day may not be long distant," she said at a dinner in Harare on Wednesday night. Her host, President Robert Mugabe, was sceptical. "The political situation in South Africa shows no signs of improving," he said.

Mrs Thatcher remains starry-eyed. She has apparently received a warm personal welcome in Zimbabwe, whose constitution was settled as one of the first acts of her first administration, back in 1979. She has come down firmly on the side of the Mozambique Government against the South African-backed Renamo "terrorists" (her words), and set her sights on bringing that particular bush war to an end. We sceptics will wait for the armistice day parade before cheering. She is about to despatch a Foreign Office minister, Mrs Lynda Chalker, to see what can be done to settle the bush war in Angola. Mrs Chalker should do well. She is good at her job.

To top it all the Prime Minister will proclaim loudly this week-end that the forthcoming withdrawal of South African troops from Namibia is conclusive evidence that patient negotiation can bring results. Mr Mugabe doubts that the South Africans will stick to their side of the bargain, which is to remove their troops, desist from interfering in what should be a free election, and accept the raising of the flag of independence under a black nationalist government. It is conceivable that he will turn out to be wrong and Mrs Thatcher right. That would not, however, be the result of patient negotiation alone: the Soviet/American-led talks that resulted in the Namibia deal came at the end of a long and costly war.

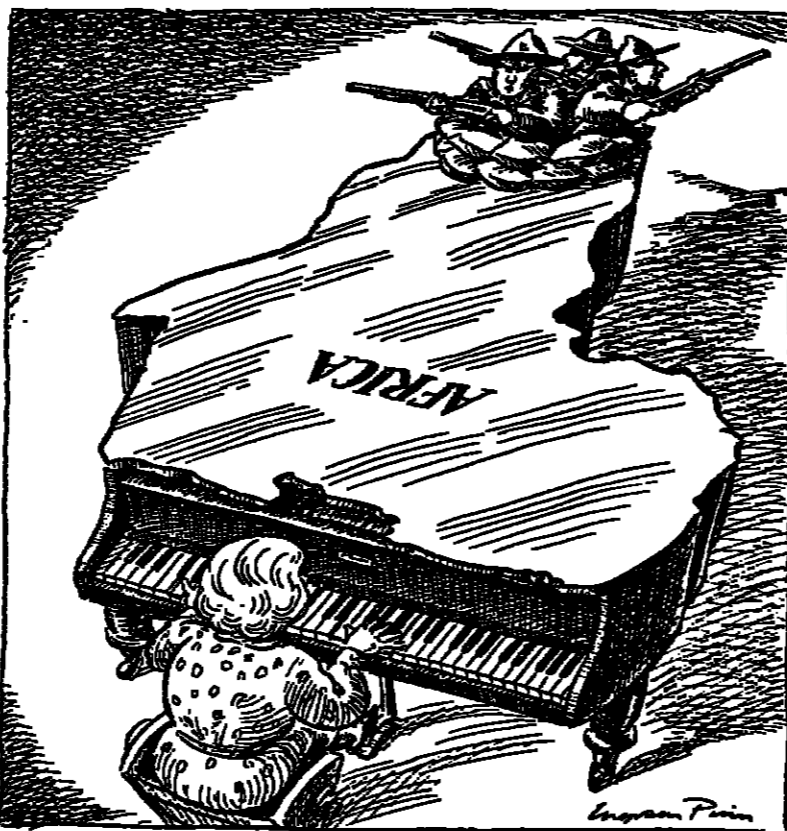
Those talks were facilitated by Britain. This is not surprising. The Foreign Office's contacts in parts of southern Africa exceed those of the Americans. The theory now is that a Soviet-British initiative will lead the way towards the ending of apartheid in Namibia, while Washington looks on.

before it, the ANC is being asked by its principal supplier of armaments to abandon visions of a military victory. One piece therefore falls into place. Imagine Mrs Thatcher continues her talks with the Russians, already begun in private, when Mr Gorbachev comes to London next week. The Russians put further pressure on the ANC and, when the time is right, its leader, Mr Oliver Tambo, announces a "suspension of the armed struggle." (If this happens, the ANC might split, but that would not necessarily spoil the plot.) The Indian government, which is a heavy player in this particular game, will have to be squared by Mr Gorbachev, but he is supposed to be already well on the way towards achieving that.

Meanwhile, it is assumed, the National Party wins a fresh South African election. Mr F.W. de Klerk releases Mr Nelson Mandela and the other black nationalists. The signatures Mandela and Tambo are vital if any eventual deal is to be credible. Immediate question: will the release be unconditional, leaving Mr Mandela free to speak as he wishes to audiences of his choice - or will it be a release into semi-restriction, of the kind imposed on the six ex-detainees who walked into the British Embassy in Pretoria this week in an effort to publicise their case? We must assume that such restrictions will not apply, or, at the very least, that they will have been bargained away in pre-negotiations. It would not be too amazing to discover that much of this has already been talked through by officials on all sides, or even that Mrs Thatcher has herself given the message to Mr P.W. Botha, the South African Foreign Minister.

We are now somewhere in early 1990. Mr de Klerk calls a national referendum on constitutional reform. He might try to use the framework of the President's national council, a body installed by Mr P.W. Botha. That would hold up proceedings, since the non-whites presently eligible to attend the council are regarded by many non-white South Africans as non-representative.

As the Foreign Office well knows, this view is also held by many moderate blacks. Never mind. The purpose is to bring all existing political parties, plus the black nationalists, to the table. The degree of dilution by paid tribal officials and blacks elected by small numbers of voters in boycotted



elections is presumably a matter for negotiation. Here we must shake our heads. What are we talking about? This hypothetical constitutional conference is a South African affair, to be held in South Africa on the initiative of Mr de Klerk's office. The Republic is a sovereign state. What does Britain have to do with it? It has an interest in a stable South Africa. The reasons are to be found in history, ties of kin and kin, ties of trade and investment, and Britain's place in pan-African politics. Above all, I believe, Mrs Thatcher would like to crown her career by making South Africa safe for capitalism, a republic in which the rule of law and the mechanism of the market act together to overcome all problems. The question still persists. Why should white South Africans listen? Britain will tell them, as if they didn't know, that the demographics are against them: blacks will outnumber whites by about eight to one by the year 2000. The sweep to black nationalist rule in the rest of Africa continues. With Namibia independent and the coastal civil war settled, the process will be complete. Inside the Republic, black unrest will be renewed. Private investors will put their money in safer places. To be fair, Mrs Thatcher does have rather more to offer than such a recitation of the obvious. If the Republic reaches a constitutional settlement, she could escort it back into the comity of Western nations, make it respectable again. She might even convince the US Congress that South Africa had changed its ways. To believe in the Prime Minister's African dream, you have to believe that the Africans will accept such blandishments. If they do, they might be amenable about the structure of the *indaba*. Even then, the odyssey would barely have begun. For, as Mrs Thatcher is

LOMBARD

Gradgrinds old and new

By Michael Prowse

IF YOU spot a "young fogey" with a long face, he is probably an education specialist.

The New Right is worried that Mr Kenneth Baker, the UK Education Secretary, has been "captured" by the educational establishment. Far from injecting discipline and rigour, runs its argument, the new national curriculum is giving leftist intellectuals a golden opportunity to enshrine their prejudices in law. The hapless Mr Baker ("Mr Bun" as he is dubbed by one irreverent critic) is proving nothing more than a glorified rubber-stamp.

At first glance, the fogey seems to have a point. Many parents will be disturbed by the news that "she come here yesterday" is not wrong, but merely an inappropriate use of language in certain circumstances. Surely, they will argue, Mr Baker should insist that part of the timetable is set aside for formal grammar lessons?

Fears about inadequate maths teaching run equally deep. The proposed curriculum explicitly recognises that children will develop at varying speeds according to their innate capacities. But an allowance for innate differences, argue the right-wingers, is just another way of excusing the abysmal performance of the bottom 40 per cent.

I think the fogey is being just a trifle unreasonable. Mr Baker tried hard to pack the various committees with people likely to come up with the "right" answers. It is not his fault if Professor Brian Cox (chairman of the working party on English) and others have gained wisdom with the passage of years. In any case, the Government is attempting to introduce the new curriculum with such haste that it is unrealistic to expect committees (whatever their composition) to do more than reflect the present educational consensus. A genuinely new curriculum for seven to 16-year olds could not conceivably be created out of nothing in a few months.

More to the point, many of the critics of the emerging national curriculum know nothing of modern educational theory. They would like to turn the clock back half a century or more, and give kids the kind of education Billy Bunter received at Greyfriars. But Bunter and his pals learned little, and children reared in an age of videos and computer games are likely to prove even more resistant to authoritarian teaching methods. Unlike the fogey, I have been pleasantly surprised by many of the curriculum proposals put forward by the educational establishment. The tone of the reports is particularly encouraging. Most educationalists, unlike many politicians, genuinely seem to want to foster independence of mind in children. Quite rightly, they want to relate facts to values, and put the young in a position to choose between competing ideologies. They also favour teaching methods which encourage personal development and enhance communication skills. All this, of course, militates against the kind of passive learning favoured by the New Right. But docility is not a virtue, and children should not be regarded as empty vessels to be filled with eternal truths. Contrary to popular opinion, educational standards have steadily risen this century, albeit from a low base. Each decade, the proportion of children reaching a given level has risen. This has occurred in the face of a steady move away from the kind of education favoured by Mr Gradgrind in Charles Dickens's novel *Hard Times*. Facts, facts and more facts: this was Gradgrind's recipe for children. And he insisted on military discipline in the classroom. Today, he would be quite at home writing pamphlets for the Adam Smith Institute or the Centre for Policy Studies. He would make an excellent director of Mrs Thatcher's Downing Street policy unit. But would you want him to look after your children? If the New Right is losing the curriculum battle (which is doubtful, given the number of arbitrary changes insisted upon by Mr Baker and by Downing Street), this should be a cause for celebration. The educational establishment may be flawed, but its view of the world is infinitely preferable to that of the new Gradgrinds.

LETTERS

Runway capacity at British airports

From the Chairman of BAA.

Sir, There is a flaw in your argument about the runway dilemma (Leader, March 28). The prime objective of BAA is to build a runway at Gatwick to meet consumer demand where it arises, in a profitable manner, of course. We have a consistently successful track record - how else could we have achieved the position of the world's leading international airport group? Our objective is to keep it that way.

In 1991 we will open the superb new 2400m terminal complex at Stansted, with a direct rail link to London, developing the potential of the under-utilised runway. Initially the new terminal will enable

8m passengers a year to be handled and, subject to Parliamentary approval, this can be increased to 15m. A second terminal at Stansted and/or a fifth terminal at Heathrow will then need to be considered.

Leading forecasters, including ourselves, agree that another runway will be needed sometime after the turn of the century. There is no puzzle, however, about our current arguments that seek permission is premature.

No terminals or runways can be built in the UK without first undergoing the stringent scrutiny of a public inquiry and obtaining Government approval, or by means of a Private Bill. Until we are confident that an irrefutable argu-

ment can be made for the need, we would fail to obtain the necessary planning approval. Of course an application to build must be made in sufficient time to allow the runway to be constructed and brought into operation.

Contrary to your suggestion, there is a financial incentive for us to build a runway at the right time in order to meet demand and thus sustain profitable growth. Furthermore, the mechanism of the market act together of the great advantages of being in the private sector is that we can now raise the necessary capital for major projects much more easily than we could by pleading with the Treasury in the past. Incidentally, we cannot raise our prices to airlines to give an

increase in yield per passenger greater than RPI-X.

The option to build a second runway at Gatwick was abandoned by the Government on 27th April, when it rejected BAA's proposal for the safeguarding of the land required.

This decision was subsequently endorsed by successive Governments in 1974, 1978 and 1985. The suggestion, by certain pilots, that the main runway at Gatwick is unsafe ignores the fact it operates under license from the Civil Aviation Authority, which is responsible for defining the safe number of landings and take-offs at peak operation.

Norman Payne, BAA, 180 Wilton Road, SW1

'The financial supermarket myth persists'

From Mr Marcus Davison.

The chairman of the Financial Services Commission, Mr Benson, commenting last week on yet another set of dismal results, justified the decision to soldier on in the securities business with the words:

"The ability to offer an integrated range of services is what makes you a winner." It is depressing to note that this tired, threadbare proposition - the unquestioned basis of so many of the ill-assorted marriages of banks, brokers and jobbers - is still maintained in spite of overwhelming evidence to the contrary.

It is naive to believe that professional users of the financial markets really value the supposed convenience of "one-stop shopping" above their duty to obtain for their own clients and employers the best possible quality of service in each market and product.

In the personal sector it may indeed be true that the working man and woman, who have to look after their finances in their limited free time, appreciate the convenience of a financial supermarket for their everyday needs; but those who are paid to do the shopping for

a demanding employer will still take the time and trouble to pay separate visits to the baker, the butcher, the greengrocer and the wine merchant.

I suspect that part of the reason for the persistence of the supermarket myth (like the other collective delusions which periodically affect the banking world) is that senior bankers spend far too much of their time in the company of colleagues, peers and competitors, and too little time finding out at first hand the needs and aversions of their existing and prospective customers.

Writing as a long-standing and established customer of the small corner of the Kleinwort empire, I can assure Mr Peake that the quality of service in that corner does not predispose his customer to assume the same quality of service in other parts of the store; rather it makes him wary of enforced introductions and conflicts of interest.

Marcus Davison, Forest Mount, 12 Amersham Road, High Wycombe, Buckinghamshire

Le style . . .

From Mr E.J. Fane-Saunders.

Sir, "The doctors disapprove" (March 14) makes it quite clear that the lack of consultation has resulted in a seriously flawed white paper.

The proposed reorganisation of the legal profession has shown a frightening lack of proper consultation. The Department of Transport is proposing significant demolition of enormous tracts of residential London against the wishes of residents and local councils.

The Channel tunnel rail link can hardly be described as a model way to handle a delicate national issue. No wonder our EC partners find UK style and attitude tiresome sometimes. The answer is an effective opposition and a smaller majority. E.J. Fane-Saunders, 34 Dryburgh Road, SW15

Impact of British Gas prices

From Mr F.V. Ogden.

Sir, The recently published schedule of prices by British Gas shows an increase of over 43 per cent on the price currently offered to my textile dyeing and finishing company. The impact of this alone would be to increase our production costs by nearly 2 per cent. This occurs at a time when the textile industry is fighting low cost imports and has little opportunity to pass on increased costs to its customers.

With impending privatisation of water and electricity, the textile industry must be fearful of the effect on its capacity to survive. Increases of a similar magnitude would result in a total increase of over 5 per cent in our costs - this in addition to the alarming inflationary pressures from

which all industry is now suffering.

Conservation of energy certainly does not seem to be top of British Gas priorities. The tariffs are so set that major users may find it beneficial to waste nearly one million therms in order to save money. For example, 9.2 million therms would cost £1,610,000, but 10 million plus one therm would cost £1,600,000 - a saving of £10,000, but at the cost of squandered natural resources and added atmospheric pollution.

Perhaps British Gas and Ofgas could have a rethink - and quickly. An industry's survival may depend on it. F.V. Ogden, Martins (Leicester) Ltd, Suter Street, Leicester.

Triple measure

From Mr Aron Landy.

Sir, Lex is quite wrong to suggest (March 23) that Kleinwort Benson, or indeed any company, has to decide whether it exists for the benefit of its shareholders or for the benefit of its staff.

Every company exists for the "benefit" of three groups - shareholders, staff, and customers. Their interests are common: the company's continuing operation and success. In the short term, any one of these groups is favoured over the others, the medium term health of the operation will suffer, damaging all groups.

Return on capital is not the only measure of business success - staff and customer morale are equally important. Aron Landy, 1 Honey Hill Meads, Cambridge



Rotherham. Conveniently Located at the Centre of the World.

It is in the modest nature of Yorkshire folk to believe that the world revolves around them. Conclusive evidence of this fact was provided by Rotherham (UK) Ltd, who chose Rotherham as the best place to store and distribute raw materials and cigarettes for much of the world. (Everything, that is, apart from tobacco which, for some inexplicable reason, chooses not to grow in Yorkshire.) Mind you, it's about the only thing that isn't growing in Rotherham. Since an Enterprise Zone was added in 1983, we've developed almost 200 additional acres, created nearly 3,400 new jobs and housed them in 3 million sq. ft. of new buildings.

Fortunately that still leaves plenty of attractive opportunities for a whole variety of new businesses, including offices and hotels. To make it even more convenient, Rotherham can offer considerable financial incentives, a local authority that works with businesses to get things done, and fast access to ports, airports and main road and rail links. So if you were considering relocating, or building, somewhere near to the centre of things, then give us a call here at Rotherham. Ring Keith Kettell on (0709) 372099 and ask for the Rotherham Fact File. You could hardly be better placed, could you?

THE Rotherham WAY OF GETTING THINGS DONE

John Foord

FINANCIAL TIMES

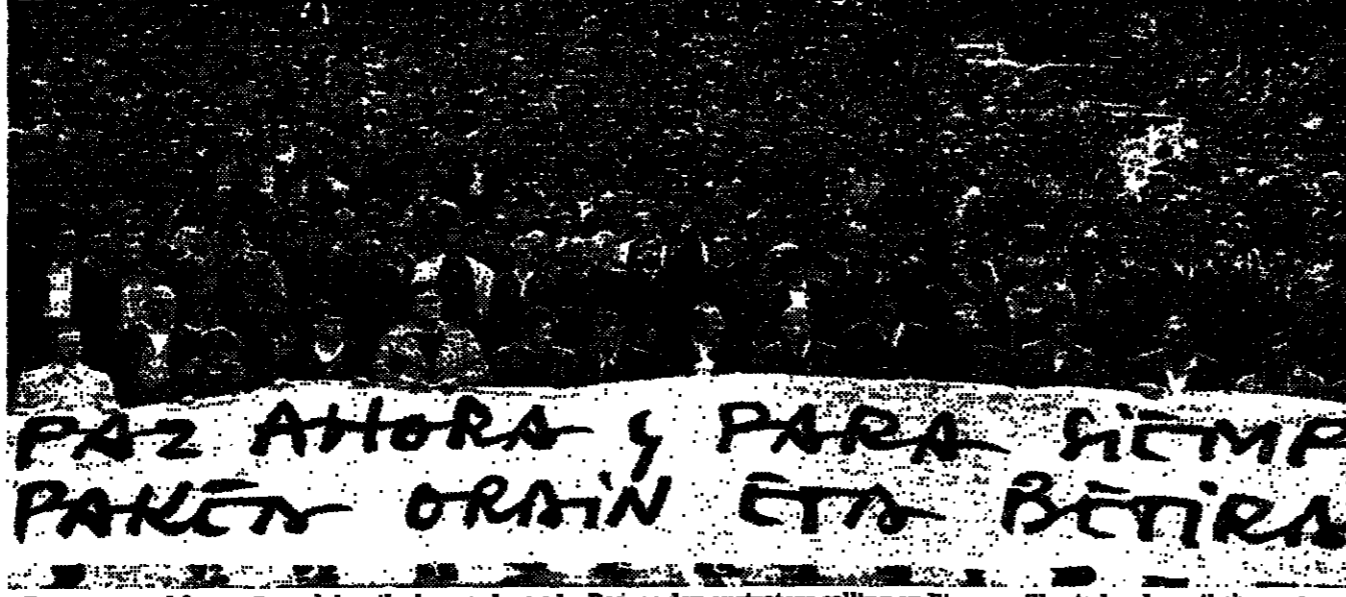
Friday March 31 1989

Anthony Green & Spencer

Madrid's talks with Eta at a turning point

Tom Burns and Peter Bruce examine tensions beneath calm in the Basque Country

IF THE past were erasable it would be easy to forget these days that the Basque Country has harboured more political violence than any other area in Europe outside of Northern Ireland.



"Peace now and forever" proclaims the banner borne by Basque demonstrators calling on Eta guerrillas to lay down their arms.

per cent of Basques vote for nationalist parties but nationalist sentiment has remained fractured. Local political parties are still divided by differing attitudes to a group of gunmen that has been viewed as a band of criminals by some and as a patriotic army by others.

The Government statement and could not possibly have been the work of the Eta leaders in Algeria. The truth appears to be that the threat came from leaders in prison and still in hiding in France.

Without the violence a wholly new political climate is created in the Basque country. The uncompromising nationalism and the radical politics that Eta represents could become an even more potent force if the gunmen came in from the cold.

The reality is a sobering one for the Madrid Government: a majority of Basques, should the divisions over violence be removed, would endorse something approaching self-determination, would want Navarre (an area which is comparable to the Six Counties of Northern Ireland) to be part of the Basque Country and would, most immediately of all, want the release of Eta prisoners.

Bush urges Moscow to support US peace efforts in Nicaragua

By Lionel Barber in Washington

PRESIDENT George Bush has sent a message to President Mikhail Gorbachev urging the Soviet Union to support US efforts to reach a peace settlement in Nicaragua.

Mr Bush has told the Soviets that he wanted to see an end to Moscow's support for Nicaragua, currently running at \$1bn in economic and military aid.

pledge to renew diplomatic efforts to conclude a regional peace accord. The accord ends the protracted conflict between the Reagan Administration and Democrats in Congress over Contra military aid.

Israeli troops kill three Palestinians in protests

By Andrew Whitely and Hugh Carnegie in Deir Hanna, northern Israel

ISRAELI troops shot dead three Palestinians and at least 33 were reported wounded in the occupied West Bank and Gaza strip as the 780,000-strong Arab minority staged a day of strikes and demonstrations marking "Land Day".

Police and other security forces were on full alert for the annual commemoration of the deaths in 1976 of six Arabs killed while protesting against the expropriation of land by Jews.

Thatcher due to visit Namibia

By Michael Holman in Harare

BRITISH officials were pressing ahead last night with plans for Mrs Margaret Thatcher to make a dramatic arrival in Namibia tomorrow.

a visit to Namibia. But she stressed that it was "absolutely vital" that Resolution 435, the United Nations settlement plan for Namibian independence, "is strongly observed".

dependence elections will be free and fair. Mrs Thatcher's visit to Zimbabwe has ended with the gap between her and President Robert Mugabe on South Africa as wide as ever.

Inquiry into oil fraud

Continued from Page 1

are not listed so the buyers do not see that the consignment belongs to someone else. Once hooked the buyer agrees to establish a letter of credit for the price of the cargo with a bank.

\$300,000. This is released upon receipt by the bank of a set of documents confirming the cargo exists and has been loaded. The papers, in the name of the Nigerian National Petroleum Corporation, are forged.

Table with columns for location, temperature, and weather conditions. Includes cities like London, New York, and Tokyo.

UK blocks leaked report on Fayed's

Continued from Page 1

The intention had been to distribute the contents of the report more widely through the circulation of about 240,000 copies of the special edition of the Observer.

no further copies were circulated at the hotel. However, numerous copies had made their way onto newsstands through what Lounho described as its normal distribution channels.

Tiny's Indian summer

THE LEX COLUMN

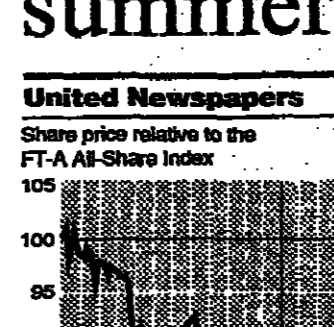
The sharp drop in US factory orders last month - the biggest fall in more than six months - is the latest sign that the US economy is slowing.

House of Fraser The combative powers of Mr Tiny Rowland continue to astonish. The Fayed's have been more durable opponents than the hapless Mr Bond; but having laboriously won High Court permission to put awkward questions at Lounho's AGM yesterday, they were forestalled by Tiny's thunderous rejoinder.

Tiny's Indian summer

THE LEX COLUMN

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United Newspapers Share price relative to the FT-A All-Share Index

The group increased its lending by two thirds last year, and unlike the rest of the clearers it is in the happy position of being flush with retail funds. Maybe there are good reasons why the group's lending margins should have been squeezed so horribly, but there must be a worry that market share rather than group profitability has been driving its managers.

United Newspapers It is hard to fault frugality, but in the case of United Newspapers it is beginning to look like an end in itself.

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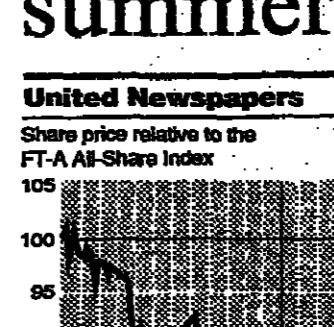
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Inquiry into oil fraud Continued from Page 1

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Tiny's Indian summer THE LEX COLUMN

The sharp drop in US factory orders last month - the biggest fall in more than six months - is the latest sign that the US economy is slowing.

wonder how much of that they will ever see. Those who have been banging on for the sharp increase in earnings growth meant to follow the move from Fleet Street must now be hoping that their patience will be rewarded by a predator instead. It is surely hard to justify a prospective rating of nearly 12 times earnings on any other grounds.

Burmah The big question about Burmah is whether it has gone overgrowth, and yesterday's 23p fall in the share price makes the market's opinion clear enough.

United Newspapers It is hard to fault frugality, but in the case of United Newspapers it is beginning to look like an end in itself.

TSB The TSB is beginning to look more and more like a traditional UK clearing bank, rather than the exciting financial services company it should be.

Israeli troops kill three Palestinians in protests By Andrew Whitely and Hugh Carnegie in Deir Hanna, northern Israel

ISRAELI troops shot dead three Palestinians and at least 33 were reported wounded in the occupied West Bank and Gaza strip as the 780,000-strong Arab minority staged a day of strikes and demonstrations marking "Land Day".

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SENIOR ENGINEERING GROUP plc FURTHER GROWTH IN 1988. Table with financial data for 1988 and 1987. Includes turnover, operating profit, and dividends per share.

INTERNATIONAL COMPANIES AND FINANCE

Paribas returns to growth after post-crash setback

By George Graham in Paris

PARIBAS, THE French investment banking group, has announced a 54 per cent rise in net profits last year to FF2,657bn (\$415m), recovering strongly after 1987's stagnant earnings in the wake of the October stock market crash.

Mr Michel Francois-Poncet, chairman, said the group had broken through into new ground, with big advances in all its main divisions: Banque Paribas, the principal investment banking arm, *Compagnie Bancaire*, the 48 per cent owned consumer finance and leasing group, *Credit du Nord*, the wholly owned retail bank now back in the black, and the group's portfolio of industrial equity holdings.

Paribas's estimated net assets climbed to FF733bn from FF724.3bn at the end of 1987, when portfolio holdings were hit by the slump in stock market values at the end of the year. Net asset value per share at the end of 1988 is estimated

at FF610, compared with FF458 a year earlier.

New provisions were reduced to FF4.39bn from FF7.51bn in 1987, taking the group's provisions up to 46 per cent of its sovereign debt risks, mostly concentrated in Venezuela and Mexico, compared with 39 per cent cover in 1987.

Earnings on Paribas's capital accounts, totalling FF740m after FF573m in 1987, benefited from the recovery of FF218m net of provisions made the previous year on its securities portfolio.

Mr Francois Morin, managing director of Paribas, said all the group's financial market activities were profitable. Quilter Goodison, Paribas's London stockbroker, was hemorrhaging until it was sold to Commercial Union last autumn, Mr Morin said, but Couroux Bouvet, Paribas's French stockbroker, managed to maintain stable profits.

Mr Francois-Poncet said the

"hard core" of stable shareholders selected by the French Government at the time of Paribas's privatisation in 1987 had now ceased to exist, since the restrictions on the sale of these stakes were now lifted. He said, however, that he hoped a small number of institutions would increase their stakes in Paribas above the 5 per cent threshold. Union des Assurances de Paris (UAP), the state-owned insurer, has already taken its holding up to 4.5 per cent. No single shareholder should dominate, however.

"I refuse the idea of a shareholder of reference. It would be totally incompatible with the independence of a house like ours," he said.

Paris stockbrokers had been expecting earnings to rise by 40 to 45 per cent, but the 54 per cent increase recorded has comfortably beaten expectations.

Porsche's earnings rise despite lower sales

By Andrew Fisher in Frankfurt

PORSCHE, the West German luxury sports car maker, said yesterday that profits picked up in the first half of its current financial year. However, sales were down considerably.

The Stuttgart-based company, controlled by the Porsche and Piech families, has already made clear that it is recovering gradually from the sales collapse in the key US market in 1987, which was caused by the lower dollar and the October stock-market crash.

In the first six months of the financial year to July 31 this year, pre-tax profits edged up to DM38m (\$20.5m) from DM32m. The company said cost-cutting measures were partly responsible for the improvement.

As well as reducing staff numbers, Porsche has reshaped its policy to put greater emphasis on its more expensive and exclusive cars, which carry higher profit margins. It has also streamlined its dealer network.

Turnover in the first half dropped by 16 per cent to DM1.23bn.

While domestic sales were only 0.7 per cent lower at DM94m, foreign turnover was down by 20 per cent to DM934m. Unit sales fell by 27 per cent to 14,580 cars, with a 45 per cent slump in the US to 6,560 cars.

Porsche said its new models, including upgraded versions of its classic 911 range, had been well received - delivery dates were running beyond the end of the financial year. The company expected the new cars to stimulate US demand, with the main impact coming in 1989-90.

The turnaround in profits follows Porsche's policy of cutting output sharply to reduce stocks of unsold cars, especially in the US.

It has also withdrawn from the cheaper end of the market by dropping its four-cylinder 924 model.

For the full year, Mr Heinz Brautsch, the chairman, has forecast a significant rise in profits after net income halved in 1987-88 to DM25.3m.

Logic behind a sporting takeover

Heikki Salonen, chairman of Amer Group, talks to Olli Virtanen

There is logic in all this, declares Mr Heikki O. Salonen, chairman of Amer Group, half apologetically, after the recent acquisition of Wilson Sporting Goods, the leading US sporting equipment manufacturer, from Mr William Simon's Wesray Capital investment bank.

The business philosophy of the Finnish marketing group, which spans cars to fashion and printing houses to sporting gear, sometimes strains the imagination, but Mr Salonen is seldom lost with words.

Most companies, he says, are hamstrung by the ancient principle of operating by business sector. A shipbuilding company concentrates on the metal industry and does not venture, say, to textiles.

Amer prefers to take a look at the different functions of a business operation. "Some companies are good at manufacturing, others know the ropes of contracting, and so on. Our expertise is to manufacture and market high quality brand name products," says Mr Salonen.

Apart from its close attention to investor relations Amer is rather fearless. Few Finns would know who manufactures Marlboro cigarettes or imports

Toyota cars into Finland. Both Amer franchises are market leaders by a wide margin.

Against this background the acquisition of Wilson makes good sense. It provides the relatively domestically orientated group with a truly international platform with operations in eight countries on three continents.

Wilson's golf equipment nicely complements Amer's MacGregor Golf Company which will now have "in-house" manufacturing units. And, as Mr Salonen emphasises, Amer has no intention to raise its corporate profile at Wilson's expense by organising a "Amer Tennis Tournament," for example.

Wilson's top management reportedly backed the Finnish company against four other bidders, some of which even offered more than Amer. According to some analysts Wesray sold to Amer in order to show a "good face."

At \$200m in cash Wilson was Amer's biggest purchase to date in a long string of acquisitions and disposals. Wilson's estimated net sales of \$425m in 1988 will boost Amer's annual sales by one third to FM7.5bn (\$1.7bn).

Amer's liquid funds at the

end of the year ended February 28 stood at just over \$200m. Half of this was used to finance the acquisition while the second \$100m came from a multi-currency facility arranged by Citibank.

Wilson will not improve Amer's profitability this financial year due to the acquisition costs but it will make a contribution the following year, believes Mr Salonen.

Analysts agree that with Wilson Amer's business will become riskier and initially the acquisition will dilute earnings. Kleinwort Benson, for example, estimates Amer's pre-tax profit will increase from FM255m in 1988 to FM320m in 1989.

Earnings per share are estimated to decline from FM17.90 in 1988 to FM17.00 in 1989. Mr Salonen's urge to shuffle

the pack stems from his almost obsessive attention to return on equity. If a business unit fails to reach a desired level in given time Amer is likely to dispose of it.

"We are very flexible in using our capital," he says, comparing Amer to a forest products group which, after a \$300m greenfield investment, cannot simply say "Gosh, got it wrong. Let's do it this way instead."

Amer aims to create synergy and acquire businesses that fit the picture. It has acquired several companies in paper converting while boosting its printing operations.

Likewise it recently bought two small textile companies to complement the existing Marimekko fashion operation.

The group's top management comprises about a dozen experts who are trained in marketing and can be assigned to mould the acquired units into the group.

Wilson is now likely to keep management resources, including Mr Salonen himself, well occupied for some time.

"I have told the group executives not to bring me any foolish acquisition ideas for the next two years, only serious ones,"

Mr Salonen's urge to shuffle the pack stems from his almost obsessive attention to return on equity. If a business unit fails to reach a desired level in given time Amer is likely to dispose of it.

Huega sale boosts Ausimont

By Alan Friedman in Milan

AUSIMONT, THE Wall Street quoted specialty chemicals subsidiary of Italy's Montedison group, yesterday unveiled a L306m (\$148.5m) net profit for 1988.

The figure is more than double the 1987 result of L70.8m, but as the company explained this was due to an extraordinary credit resulting from the sale last year of Huega, a carpet tile subsidiary.

Mr Howard Harris, chief operating officer, said that with the company's accounts

adjusted for extraordinary items and US tax differences the pre-tax profit for 1988 amounted to L80.5m, a 25 per cent rise on the 1987 result.

Montedison owns 88.1 per cent of the Dutch-registered Ausimont.

Last month Montedison failed to secure 100 per cent control when several minority institutional investors in New York refused to tender their shares at the offer price of \$35 each.

Lombardini, a privately owned leading Italian manufacturer of small diesel motors, is buying more than 95 per cent of Hispano Motor, a Barcelona-based diesel motor maker.

Lombardini, which had 1988 sales of L250bn and which employs 2,000 people, is believed to be paying around L10bn for Hispano, which had around \$28m of 1988 sales and claims more than 50 per cent of the Spanish diesel motor market.

While domestic sales were only 0.7 per cent lower at DM94m, foreign turnover was down by 20 per cent to DM934m. Unit sales fell by 27 per cent to 14,580 cars, with a 45 per cent slump in the US to 6,560 cars.

Porsche said its new models, including upgraded versions of its classic 911 range, had been well received - delivery dates were running beyond the end of the financial year. The company expected the new cars to stimulate US demand, with the main impact coming in 1989-90.

The turnaround in profits follows Porsche's policy of cutting output sharply to reduce stocks of unsold cars, especially in the US.

It has also withdrawn from the cheaper end of the market by dropping its four-cylinder 924 model.

For the full year, Mr Heinz Brautsch, the chairman, has forecast a significant rise in profits after net income halved in 1987-88 to DM25.3m.

Stena bids SKr350m for SMZ

By Sara Webb in Stockholm

STENA, THE Swedish ferry and property group which is currently considering a bid for the Bermuda-based Sea Containers corporation, yesterday announced it wants to buy Stoomvaart Maatschappij Zeeland, a Dutch ferry company, for about SKr350m (US\$43m).

Stena Line, the group's ferry subsidiary which is listed on the stock exchange, is talking to the Dutch Government,

which owns 70 per cent of SMZ, and Internatio-Muller, the Dutch transport group which holds 4.3 per cent of SMZ.

If Stena Line acquires a controlling 74.3 per cent stake, it plans to bid for the outstanding shares, offering FI 6,775 (\$3,176) per share for the remaining 4,260 shares listed on the Amsterdam stock exchange. SMZ shares traded at around FI 5,900 earlier this

week. Stena Line said it wants to build up its network of ferry routes in Europe to complement its existing connections within Scandinavia.

SMZ operates between the Hook of Holland and Harwich. It has 500 employees and had a turnover in 1988 of about FI100m (US\$46.9m). It has a modern passenger/freight ship and owns a terminal in the Hook of Holland.

St-Gobain in talks to buy 46% of Sisa

By Our Financial Staff

SAINT-GOBAIN, the French glass and building materials group, said it is talking with Credit Lyonnais about acquiring the bank's 46 per cent interest in Sisa, the Italian packaging materials concern.

St-Gobain said it was too soon to say when a final agreement might emerge or what its value might be. The company played down reports that it might seek to control as much as 70 per cent of Sisa after the purchase from Credit Lyonnais, saying that St-Gobain is focusing only on 46 per cent of Sisa's capital for the moment.

Sisa is among Italy's biggest cardboard packaging materials concerns, with revenue of about L180m (88.7m) in 1988. Saint-Gobain's interest fits its goal of wider coverage of Europe.

Snia-BPD more than doubles net profit

By Alan Friedman

SNIA-BPD, THE textiles, chemicals, munitions and missiles subsidiary of Fiat, yesterday unveiled a more than doubled net profit of L84.9bn (\$61.5m) for 1988. The operating profit was L180.5bn, against L131bn in 1987.

The company said its turnover rose by 3 per cent last year to L2,358bn. Group net

debt declined to L249.4bn from L406.8bn in 1987.

Snia said it had signed a letter of intent with Enimont, the chemicals venture between Enichem and Montedison, concerning possible collaboration.

It is expected that Snia and Enimont will agree a series of asset swaps or joint ventures in fibres and polymers in the

next two months.

Gemina, the diversified investment company controlled by Fiat, reports a jump of 126 per cent in pre-tax earnings L111 bn in the six months ended December 1988.

The company said its investment portfolio was valued at L490.2bn at the end of 1988, down L272bn.

While domestic sales were only 0.7 per cent lower at DM94m, foreign turnover was down by 20 per cent to DM934m. Unit sales fell by 27 per cent to 14,580 cars, with a 45 per cent slump in the US to 6,560 cars.

Porsche said its new models, including upgraded versions of its classic 911 range, had been well received - delivery dates were running beyond the end of the financial year. The company expected the new cars to stimulate US demand, with the main impact coming in 1989-90.

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For the full year, Mr Heinz Brautsch, the chairman, has forecast a significant rise in profits after net income halved in 1987-88 to DM25.3m.

Hoogovens swings round to the black

By Laura Raun in Amsterdam

HOOGOEVENS predicted that its earnings would continue to climb this year after the Dutch steel and aluminium group swung into the black with a FI 301m (\$141m) profit in 1988 from a loss in 1987.

Dividend payments will be

resumed with a FI 4 a share payout for 1988. No dividend was paid in 1987 when Hoogovens lost FI 76m.

The steel division should lift its earnings while aluminium may see its profit slip a bit, the company said. Extraordinary

income of around FI 300m will be booked from the sale of holdings. Turnover jumped 35 per cent to FI 7.57bn in 1988 from FI 5.85bn the year before. Price rises and higher sales volumes fueled the buoyant performance.

INVITATION

addressed to the Shareholders and Holders of Participation Certificates
(in the following "Raiffeisen-Vermögensanteile")

to attend the

ORDINARY GENERAL MEETING

of the Genossenschaftliche Zentralbank AG, to be held on Tuesday, April 25th, 1989 at 15.00 p.m. in 1010 Vienna, Schaufelgasse 6, "Jugendstilsaal".

AGENDA

- 1) Presentation of the established financial accounts and presentation of the business report of the Board of Management regarding the business year 1988 together with the report of the Supervisory Board
- 2) Resolution regarding distribution of net profit
- 3) Resolution regarding the exoneration of the Members of the Board of Management and of the Supervisory Board
- 4) Election to the Supervisory Board
- 5) Resolution regarding reimbursement of the Members of the Supervisory Board
- 6) Election of the auditors for the business year 1989
- 7) Change of company's name
- 8) Change of Articles of Association in § 1
- 9) General

Attendance is granted only against presentation of certificates of deposit evidencing the deposit of shares or interim certificates with an Austrian public notary or with an Austrian or foreign bank. The deposit has to be effected not later than April 19th, 1989 (section 17 of the Articles of Association).

The voting power of the shareholders corresponds to the nominal value of the shares.

In case votes are exercised by proxy a written authorization is requested. This authorization will be retained by the bank.

Holders of "Raiffeisen-Vermögensanteile" are entitled to attend the General Meeting. Their right of attendance has to be justified in the same way as the corresponding right of shareholders (e.g. by analogous application of section 17 of the Articles of Association).

THE BOARD OF MANAGEMENT

INVITATION

addressed to the Holders of "Raiffeisen-Vermögensanteile"

to attend

A BRIEFING

concerning the financial statements 1988. This briefing will be held on Tuesday, April 25th, 1989 at 14.00 p.m. in 1010 Vienna, Herrengasse 1, 2nd Floor, Conference Room.

Holders of "Raiffeisen-Vermögensanteile" are authorized to attend this briefing; they have to justify their right of attendance by analogous application of section 17 of the Articles of Association.

Vienna, March 17th, 1989

THE BOARD OF MANAGEMENT

GENOSSENSCHAFTLICHE ZENTRALBANK AG **GZB-VIENNA**

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

30th March, 1989

THE KANSAI ELECTRIC POWER COMPANY, INCORPORATED

U.S.\$350,000,000

10 per cent. Notes 1996

Issue Price 100¼ per cent.

<p>Nomura International Limited</p> <p>Daiwa Europe Limited</p> <p>Merrill Lynch International & Co.</p> <p>Bankers Trust International Limited</p> <p>Banque Paribas Capital Markets Limited</p> <p>BNP Capital Markets Limited</p> <p>Goldman Sachs International Limited</p> <p>LTCB International Limited</p> <p>J.P. Morgan Securities Ltd.</p> <p>NatWest Capital Markets Limited</p> <p>Prudential-Bache Capital Funding</p> <p>Sauwa International Limited</p> <p>Sumitomo Finance International</p> <p>S.G. Warburg Securities</p>	<p>IBJ International Limited</p> <p>Dresdner Bank</p> <p>Union Bank of Switzerland (Securities) Limited</p> <p>Banque Bruxelles Lambert S.A.</p> <p>Barclays de Zoete Wedd Limited</p> <p>Credit Lyonnais</p> <p>Kleinwort Benson Limited</p> <p>Manufacturers Hanover Limited</p> <p>Morgan Stanley International</p> <p>The Nikko Securities Co., (Europe) Ltd.</p> <p>Salomon Brothers International Limited</p> <p>Shearson Lehman Hutton International</p> <p>Swiss Bank Corporation</p> <p>Yamaichi International (Europe) Limited</p>
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INTERNATIONAL COMPANIES AND FINANCE

Mahindra rides the takeover bumps

IT IS an exotic hybrid. A Peugeot engine under a Nissan hood, and manufactured by Mahindra and Mahindra in India.

The three-tonne light commercial vehicle, which can be adapted as anything from an ambulance to a refuse compactor, is the result of Mahindra's takeover of Allwyn Nissan, a Hyderabad-based company set up in 1982 by the Andhra Pradesh state Government and Nissan of Japan.

For Mahindra, a jeep manufacturer and flagship of a leading Indian engineering group with sales of more than Rs5,700 (\$550m), the takeover road was bumpy. Negotiations had dragged on for almost a year and acquired vociferous political overtones.

India's premier jeep maker is growing and diversifying reports Gita Piramal in Bombay

50,000 vehicles but output only a fraction of that, Allwyn Nissan's performance became an issue of competence for the Andhra Pradesh Government.

The deal was given clearance only after Nissan threatened to pull out of the venture and Mahindra promised assurances that there would be no retrenchments and that it would pump in Rs50m for Allwyn Nissan's development programme.

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HK duo advance more than 25%

By Michael Murray in Hong Kong

TWO MAIN Hong Kong companies controlled by Mr Li Kashing yesterday reported 1988 net profits up by more than a quarter, amid buoyant conditions in the territory's property and trading sectors.

Hutchison Whampoa, which has interests ranging from property and telecommunications to container port operation and oil exploration, showed profits after tax and minorities of HK\$2,32bn (US\$297.4m) for the year, an increase of 26 per cent. Extraordinary items worth

HK\$1,285m boosted attributable profits to HK\$3,60bn. Apart from strong property and investment activities, Hongkong International Terminals (HIT) did well on the back of record container port throughput. Good performances were also seen from the group's telecommunications, trading and retailing divisions.

Mr Simon Murray, managing director, said that the company may soon further reduce its holding in HIT by selling a 25 or 5 per cent stake to Japanese interests. This is in line with a policy of broadening the shareholding base, he said, in order to allay concerns about Hutchison's increasing dominance of Hong Kong's container port facilities.

Mr Murray said that earnings from Husky Oil of Canada were relatively flat, but that the longer-term prospects were good, helped by Husky's acquisition of Canterra Energy during 1988.

Cheung Kong Holdings, which owns 40 per cent of Hutchison and is one of Hong Kong's largest property developers, reported its own after-tax profits of HK\$2,09bn, an increase of 32 per cent.

There were additional extraordinary profits of HK\$567m. Cheung Kong will pay a final dividend of 21 cents per share, bringing the total for the year to 29 cents against an adjusted 21.5 cents for 1987.

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Fletcher starts N American drive

Dai Hayward on the ambitions of a New Zealand forestry group

Fletcher Challenge, the New Zealand forest products and industrial group which has a large presence in British Columbia, is looking to expand its North American operations into eastern Canada and the US.

Mr Ian Donald, who heads the Canadian division, sees the involvement in British Columbia, where most of its North American operations are based, as probably "as large as we would like to be and as large as the British Columbia Government would like us to be."

He adds: "We are ambitious to grow in North America and before too long."

North America provided NZ\$160.5m (US\$98.8m) in profits for the latest six months to December - just over half the group's record NZ\$315m interim total. The North American earnings were up 35 per cent from the previous year. Of the group's total revenue of NZ\$5.5bn, a third originated in North America.

Last year Fletcher increased its stakes in Fletcher Challenge Canada - formerly British Columbia Forest Products - to 71 per cent and merged its management with that of its wholly-owned Crown Forest Industries.

Fletcher also owns the Blandin paper company in Minnesota where a US\$350m expansion programme comes on stream this year.

The Canadian forest industry is facing considerable change with conservation and government restrictions on logging, while the new equipment needed to process the smaller, second growth timber, now replacing the older larger trees, means many existing sawmills will close.

Fletcher Challenge Canada exported only 50,000 cubic metres of timber in logged form last year with its main production concentrated on pulp and paper. The log exports were almost entirely to China.

Overall stocks of Canadian newsprint at the end of last year were almost double those of the previous year due to a slowdown in demand. Despite this Fletcher sold a record volume of standard newsprint in North America, while FCC is maintaining full output from its mills by boosting production of other types of paper to compensate for any drop in newsprint demand.

The group is confident that world prices for paper pulp will remain high. More than a dozen price increases since 1985 have taken pulp prices from US\$400 a tonne to \$310

this month. Another \$30 a tonne increase comes into force tomorrow.

Future expansion in North America may take the group deeper into the US. Mr Hugh Fletcher, chief executive, referring to the company's original move into British Columbia, said: "One reason we went to Canada rather than the US was because Canadian companies were selling at only two thirds of the price of American companies."

He said the gap had since narrowed.

Further expansion in North America could, moreover, be outside the forest industry. Last year the group acquired Dinwiddie, a construction company in California, and lifted its shareholding in A-M Homes to 81 per cent. It also owns another construction company, Wright Schuchart, in Washington state.

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Swire group earnings jump 25% to HK\$3bn

By Michael Murray

SWIRE PACIFIC, the Hong Kong aviation, property and trading group, has reported profits after tax and minority interests of HK\$3bn (US\$384.6m) for last year, an increase of 25.3 per cent.

Extraordinary gains of HK\$385.9m lifted attributable profits to HK\$3.38bn.

The healthy results were largely due to the 32 per cent increase in profits to HK\$2.82bn from Cathay Pacific Airways, a 50.4 per cent held subsidiary, and from the booming local property market.

Mr David Gledhill, the chairman, said the group's strategic shift away from development-for-sale towards the building of a portfolio of investment properties was paying off.

Trading divisions performed well during the year, he added, as did the shipping and dockyard divisions. Both Swire Magnetics and Swire Technologies continued to lose money.

He warned that Hong Kong's rising inflation and labour shortage cast a shadow over prospects. Swire would continue to benefit from earnings growth in Cathay, Swire Properties and industrial, trading and insurance divisions but shipping and offshore services again faced a difficult year.

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NOTICE TO HOLDERS OF YAMANOUCHI PHARMACEUTICAL CO., LTD.

US\$50,000,000 4 per cent. Convertible Bonds due 1990 and US\$50,000,000 2 1/2 per cent. Convertible Bonds due 2000

Yamanouchi Pharmaceutical Co., Ltd. (the "Company") has, at its general meeting of shareholders, resolved to change of its financial year-end from 31st December to 31st March. As a transitional measure, the Company will have a three-month financial period running from 1st January, 1989 until 31st March, 1989 inclusive and thereafter its financial year will run from 1st April to 31st March in the following year.

Accordingly, the record dates for the payment by the Company of annual cash dividends and interim dividends will become 31st March and 30th September, respectively, in each year.

Any shares of common stock of the Company ("Shares") issued upon conversion of any of the U.S. \$50,000,000 4 per cent. Convertible Bonds due 1990 and U.S. \$50,000,000 2 1/2 per cent. Convertible Bonds due 2000 (collectively the "Bonds") during the three month transitional period will be paid full dividends declared in respect of that period and any Shares issued on conversion of Bonds on or after 1st April, 1989 will be paid full dividends declared in respect of the relevant tax month period during which the conversion occurs.

The interest payment dates in respect of the Bonds remain unchanged as 30th June and 31st December in each year. With effect from 1st April, 1989 if any Bond is converted during the period from 1st April to 30th June (inclusive) or from 1st October to 31st December (inclusive) in any year, a cash dividend equivalent to three months interest accrued to the immediately preceding 31st March or 30th September, as the case may be, will be paid to the converting Bondholder. Such payment will be made on the interest payment date falling on or next succeeding such date of conversion through the specified offices of the Paying and Conversion Agents in the manner specified in the relevant Conversion Notice.

The Company and The Bank of Tokyo Trust Company, as Trustee in respect of the Bonds (the "Trustee"), have entered into two Supplemental Trust Deeds each dated 30th March, 1989 amending the Trust Deed dated 6th October, 1983 and the Trust Deed dated 12th November, 1985 constituting the Bonds so as to reflect the changes referred to above. Copies of such Supplemental Trust Deeds are available for inspection at the principal office of the Trustee, presently being at 100 Broadway, New York, N.Y. 10005, and at the specified offices of each of the Paying and Conversion Agents in respect of the Bonds. Definitive Bonds in issue will not be amended to reflect the said changes.

YAMANOUCHI PHARMACEUTICAL CO., LTD. Dated: 31st March, 1989

Normandy may buy 20% diamond stake

By Kenneth Gooding, Mining Correspondent

NORMANDY RESOURCES, the master company of Mr Robert Champion de Crespigny, the Australian entrepreneur, has secured a conditional right to buy 20 per cent of the Bow River diamond project in Australia.

Normandy aims to pass the stake on to Poseidon, its 48 per cent owned subsidiary.

The other 80 per cent of Bow River is owned by Freeport McMoran Australia, which plans to merge with Poseidon.

Normandy will pay Gem Exploration and Minerals A\$10m (US\$6.1m) for a package which includes the Bow River stake, geological information and access to A\$6.75m in tax losses. The deal is conditional on Freeport not exercising its pre-emptive rights to the shareholding.

The transaction would indirectly strengthen the grip Mr Harry Oppenheimer's South African Anglo American De Beers empire on world diamond production. Anglo American is the other major shareholder in Poseidon - in August it sold its Australian operations to Poseidon in exchange for an 11 per cent stake.

Poseidon announced yesterday that its attributable operating net profits for the half-year to December jumped 54 per cent from A\$8.03m to A\$12.35m. A strong performance by Australian Development, its Northern Territory gold mining offshoot, and rising interest rates were the main contributors to the increase.

The advance in sales from A\$12.5m to A\$52.23m was due to the inclusion for the first time of Anglo interest.

Dominion Mining, the Australian gold miner currently embroiled in a bid battle for rival Whim Creek, has reported operating profits for the six months to December up 52 per cent to A\$5.0m on a nearly doubled turnover of A\$24.77m from A\$12.5m.

Earnings per share were 3.91 cents (3.44 cents). Depreciation, including amortisation, amounted to A\$2.32m (A\$1.61m), and interest fell to A\$38,000 (A\$71,000).

Dominion said it expects to pay a final dividend from the full-year earnings and from 1989-90 to pay dividends twice a year.

"It is the company's policy that the percentage of profits paid as dividends should average 50 per cent over time," it added.

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Capitalising on Growing Businesses

"The Group's cash flow and financial position remain strong and are well capable of supporting the substantial commitments which have been made in longer term projects during the year."

Hong Kong, 30th March, 1989

Li Ka-shing Chairman

Financial Highlights for the year ended 31st December, 1988

Table with 2 columns: Metric and Value. Metrics include Turnover up 22% to US\$1,649M, Profit before extraordinary items up 26% to US\$297M, Profit attributable to shareholders up 38% to US\$461M, Earnings per share before extraordinary items up 18% to US\$0.099, Earnings per share after extraordinary items up 29% to US\$0.152, Shareholders' funds up 10% to US\$2,018M, Dividend per share up 24% to US\$0.055.

Hutchison Whampoa Limited



Head Office: 22/F, Hutchison House, Hong Kong. Tel.: 5-230161. Telefax: 5-8100705. European Office: 9 Queen Street, Mayfair, London W1X7PH. Tel.: 4993353. Telefax: 4910872.

Wardley Leading Asia Pacific in Financial Expertise. For Corporate Advice, Debt and Equity Financing, Project and Aviation Financing Advice, Investment Management, Private Banking, Treasury and Trading, Broking. For a copy of the 1988 annual report write to: Wardley Holdings Limited, 7/F Hutchison House, Hong Kong. Tel: 5-641988 Fax: 5-600668.

FT Books Guides to Investment and Financial Planning 01 799 2002 for details

American Express Bank Ltd. U.S. \$100,000,000 Floating Rate Subordinated Capital Notes Due 1997. Notice is hereby given that the Rate of Interest has been fixed at 10.625% and that the interest payable in respect of U.S. \$10,000 principal amount of Notes for the period March 31, 1989 to June 30, 1989 will be US\$268.58. March 31, 1989, London. By: Citibank, N.A. (CSI Dept.), Agent Bank CITIBANK

INTERNATIONAL COMPANIES AND FINANCE

Sears to axe 800 in new move to curb its bureaucracy

By Roderick Oram in New York

SEARS, Roebuck, the world's largest retailer, unveiled yesterday further changes in its cumbersome bureaucracy designed to revitalise its flagging merchandising operations.

It will cut 800 of the 7,700 merchandising management, close all 24 regional administration offices and give the remaining managers greater responsibility and control in a more focused structure.

Sears is also reported to have decided to spin out its move from the Sears Tower in Chicago, the world's tallest office building. It originally planned to move within two years to cheaper accommodation but will now take over four years.

Keeping more people in the Tower longer is designed to make the building more attractive to potential buyers. Sears hopes it will fetch about \$1bn, but a major concern of new owners would be quickly filling the space vacated by the retailer. The sale was announced last autumn as part of a broad restructuring.

Under the management changes announced yesterday, each of Sears 826 stores will be divided into six vertical merchandise segments - appliances/electronics, home fashions, home improvement, women's apparel, men's/children's apparel and automotive. Each segment will report to a separate district manager with responsibility for sales, profits and customer service for that line of business in 10 stores. District managers will report to 10 regional managers.

Mr Michael Boic, chairman and chief executive of Sears Merchandising Group, the retail arm, said the new structure will save \$75m a year. J.C. Penney, the third largest US retailer, has discontinued its cable television in-home interactive shopping service, which will result in a \$20m, 16 cents a share, after tax change in its first quarter to April 29.

It had invested some \$106m in the venture, called 'Telaction'. Despite an "encouraging" initial response from consumers it had failed to find financial partners to participate in further development.

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Insurers put \$225m into Goldman Sachs

By Janet Bush in New York

GOLDMAN Sachs, the US securities house, announced that a group of seven insurance companies had made a \$225m fixed return equity investment in the company, representing about 11 per cent of partners' capital.

The group will be passive investors with no voting rights or role in managing the company. The investment was made in the form of a private placement and Goldman Sachs declined to name the insurance companies involved.

Mr John Weinberg, senior partner of Goldman Sachs, said: "We view this investment as a vote of confidence in the future of our firm and our leadership in the securities industry."

"It strengthens our substantial capital base, which enables us to maintain our position as a leading global investment banking firm and to support our clients' market objectives."

This is the second time Goldman Sachs has boosted its capital base in a little more than two years. In late 1986, Sumitomo Bank of Japan bought a multi-million dollar non-voting stake in Goldman Sachs.

A Goldman Sachs official declined to comment on whether the latest boost to total capital would mean an additional investment by Sumitomo.

The Japanese bank had always intended investing \$500m in Goldman Sachs but its stake was limited to 24.9 per cent of total partners' capital by US Federal Reserve requirements.

The latest investment brings Goldman Sachs' total partners' capital to \$2.1bn. Adding on \$225m in subordinated liabilities, the total capital is now just under \$3bn.

Goldman said it had formed The Goldman Sachs Group, L.P. as a holding partnership for Goldman, Sachs & Co.

Mixed fortunes delay Cameco flotation plans

David Owen on an energy group's prospects

Mr William Gatenby has had some good news and some bad news in his first nine months in charge of newly-formed Canadian Mining & Energy Corporation (Cameco), the world's biggest uranium company.

The group formally came into being last October through the merger of Ontario-based Eldorado Nuclear and the Saskatchewan Mining Development Corporation. In 1988 the company, which has interests in each of three north Saskatchewan uranium mines, a gold mine, a research centre, and two downstream uranium processing facilities, accounted for some 16 per cent of Western world uranium output.

The good news was the passage of the US-Canada free trade agreement which ensured Canadian producers would continue to enjoy unfettered access to the lucrative US market.

Access had been threatened by a court ruling to the effect that the US Department of Energy should not enrich non-US uranium for domestic utilities. Such a ban would have constituted a serious blow for Cameco, which supplies 15-20 per cent of US demand.

The bad news has been the persistently weak spot uranium market. Prices have recently slid as low as US\$11.60 per lb of U3O8 or "yellowcake" (the semi-processed form in which most uranium is sold to consumers), compared with \$17 three years ago.

Fortunately for Saskatchewan-based Cameco and other producers, the spot market accounts for only 10-15 per cent of overall sales. Most business is transacted under long-term contract with major power utilities, under which rates come down to spot levels only over time.

The lacklustre near-term outlook seems likely to delay the first stage of the public sector company's proposed privatisation. Cameco is held 61.5 per cent by the Saskatchewan government and 38.5 per cent by Ottawa.

When details of the merger were first revealed last February, a deadline of seven years for full privatisation was proposed, with 30 per cent of the new company slated to be in private hands within two years and 60 per cent within four.

Mr Gatenby reportedly expected the first share offering at the latest by early this year. But the soft spot market has prompted the petroleum engineer and former Texaco Canada Resources chief executive to revise his prognosis.

"It would look like this has been deferred until late in the year," he says. The actual timing, Mr Gatenby adds, will be determined by the company's two shareholders. The longer an offering is delayed, the longer it is likely to be before Cameco is able to significantly reduce its US\$350m debt.

Cameco's mines last year produced about 15m lb of uranium. The company says it would like to see as much as possible of its mine output processed in its own downstream facilities. Despite an excess of uranium worldwide that has reduced processing fees, "we can compete because we have some of the newest facilities," Mr Gatenby says.

The richest of the three producing uranium mines is Key Lake, in which Cameco has a two-thirds interest. The average millhead grade at Key Lake is more than 2 per cent, making it the richest producing uranium mine in the world. It will lose this status, however, if and when the extraordinary Cigar Lake deposit - held 88.75 per cent by Cameco - is brought on stream.

Cigar Lake, also in northern Saskatchewan, has reserves of 385m lb of U3O8 grading an astonishing 14 per cent. In isolated pockets, the orebody grades 60 per cent.

Cameco is drilling a test mine on the site, intending to experiment with alternative mining methods in an attempt to ensure the ore can be mined safely. The most likely method, according to Mr Roy Lloyd, vice chairman, will be to cut above and below the orebody, position containers underneath and drill down into them. "You are not likely to have workers at the face of the orebody," he says.

Tests are expected to be completed by early 1991, at which point Cameco will decide when or whether to mine. The timing, says Mr Lloyd, will be "market-driven." The company is optimistic the excessive worldwide inventories that are generally blamed for today's low prices will, by that time, have been reduced to more acceptable levels.

The exploitation of Cigar Lake will probably lead to further environmental scrutiny, but this does not appear to dismay Mr Gatenby. "Undoubtedly, environmentalism in Canada, nuclear doesn't look that bad," he says, with reference to the strong domestic resistance to new coal-fired power plants.

"Our industry has a big selling job to do," he adds. "We apologise too damn much." If the 52-year Texaco veteran has his way, Cameco's growth will come less from increasing its substantial uranium market share, than from maintaining its position in an expanding market. Further diversification is also on the cards.

"We should have the opportunity to look at different minerals at the exploration stage," Mr Gatenby says. "And if someone walked in with a good deal in oil and gas, we might be tempted."

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USO8, around 60 per cent of which (having been sold in that form to customers) was passed for further processing to the group's in-house facilities at Eldorado River and Fort Hope.

Two end-products - uranium hexafluoride (UF6) and uranium dioxide (UO2) - are primarily produced for use in nuclear power stations.

"We are offering the buyer one-stop shopping as far as processing is concerned," Mr Gatenby says. The former Eldorado plants are also used to custom convert yellowcake from other mines.

U.S. \$200,000,000

Banco di Santo Spirito S.p.A.
(Incorporated with limited liability in the Republic of Italy)
London Branch

Floating Rate Depository Receipts due 1993

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from March 31, 1989 to September 29, 1989 the Notes will carry an Interest Rate of 10% per annum. The interest payable on the relevant interest payment date, September 29, 1989 will be U.S. \$643.47 for Notes in denominations of U.S. \$10,000 and U.S. \$5,434.72 for Notes in denominations of U.S. \$100,000.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

CHASE

March 31, 1989

U.S. \$60,000,000

MANUFACTURERS NATIONAL CORPORATION
NATIONAL CORPORATION

Manufacturers National Corporation
(Incorporated in the State of Delaware)

Subordinated Floating Rate Notes due September 1996
Issue Price 100%

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from March 31, 1989 to September 29, 1989 the Notes will carry an Interest Rate of 11% per annum. The interest payable on the relevant interest payment date, September 29, 1989 will be U.S. \$558.27 for Notes in denominations of U.S. \$10,000 and U.S. \$13,981.77 for Notes in denominations of U.S. \$250,000.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

CHASE

March 31, 1989

U.S. \$200,000,000

CONTINENTAL ILLINOIS OVERSEAS FINANCE CORPORATION N.V.
(Incorporated with limited liability in the Netherlands Antilles)

GUARANTEED FLOATING RATE SUBORDINATED NOTES DUE 1994
Guaranteed on a Subordinated basis by

Continental Illinois Corporation
(Incorporated with limited liability in Delaware, USA)

In accordance with the provisions of the Notes and the Reference Agency Agreement between Continental Illinois Overseas Finance Corporation N.V. and Citibank, N.A., dated June 24, 1982, notice is hereby given that the Rate of Interest has been fixed at 10.6875% p.a. and that the interest payable on the relevant interest payment date June 30, 1989 against Coupon No. 28 will be U.S. \$270.16 in respect of U.S. \$10,000 nominal amount of the Notes.

March 31, 1989, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

Heart drug studies again hit Genentech share price

By Roderick Oram

GENENTECH, the leading US biotechnology company, has suffered a further setback from clinical studies of its heart drug Activase, or t-PA, which generated almost half its revenues last year.

The genetically engineered drug is no more effective at dissolving blood clots in heart attack victims than an older drug costing one-tenth the price, according to two studies in the latest edition of the prestigious New England Journal of Medicine.

The news knocked \$1% off the stock price of the San Francisco company, taking it down

to \$17 in heavy trading by early afternoon. The more major of the two studies, conducted in New Zealand, found streptokinase was as effective as Activase. The older drug is made by Hoechst of Germany and SmithKline Beckman of the US.

A summary of the 270-patient New Zealand study had been released last November and then hurt Genentech's share price.

Activase costs \$2,268 a dose while streptokinase, which is heavily discounted from its list price, is available for well under \$100.

March 31, 1989

U.S. \$1,000,000,000

National Credit Card Trust 1989-3
10.15% Credit Card Participation Certificates

Citibank (South Dakota) N.A. Citibank (New York) National Association

These securities were offered in the United States and internationally.

United States Offering

The First Boston Corporation
Goldman, Sachs & Co.
Salomon Brothers Inc.
Merrill Lynch Capital Markets UBS Securities Inc.
Bear, Stearns & Co. Inc. Chase Securities, Inc.
J. P. Morgan Securities Inc.

Offering to non-United States persons

Citicorp Investment Bank Limited

Procter buys drink group

PROCTER & Gamble, the US household products group, has bought Sundor Group, a Connecticut fruit drink company, reports AP-D.

The company said the deal covers seven facilities and Sundor's fruit juice and drink brands, including Sunny Delight and Florida Citrus Punch. It said the majority of Sundor was owned by affiliates of Elders IXL, a major Australian beverage company.

Sundor made profits of \$26m on sales of \$192m in 1988.

FIMC MORTGAGE NOTES 1 FLC

£150,000,000

Mortgage Backed Floating Rate Notes
June 2017

For the interest period 30th March, 1989 to 30th June, 1989 the Notes will bear interest at 12.26562% per annum. Interest payable on 30th June, 1989 will amount to £3,343.67 per £100,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

Midland International Financial Services B.V.

DM 300,000,000
Floating Rate Notes Due 1998

Interest Rate: 6 1/4% p.a.

Interest: March 30, 1989, to June 30, 1989

Interest Amount per DM 10,000 DM 164.51
per DM 250,000 DM 4,112.85

Payable on: June 30, 1989

Trinkaus & Burkhardt KGaA
Agent Bank

Bank of Montreal
(A Canadian Chartered Bank)

£100,000,000
Floating Rate Deposit Notes due 1994

Notice is hereby given that the Rate of Interest for the three month period 30th March, 1989 to 30th June, 1989 has been fixed at 12% per cent. The amount payable on 30th June, 1989 will be £166.20 per £5,000 Deposit Note and £1,661.99 per £50,000 Deposit Note.

Morgan Guaranty Trust Company of New York
London

OTTOMAN BANK

NOTICE IS HEREBY GIVEN that, in accordance with Article 28 of the Statutes, the ANNUAL GENERAL MEETING of Shareholders will be held on WEDNESDAY, the 3rd MAY 1989, in the BEAUFORT ROOM, THE SAVOY HOTEL, STRAND, LONDON WC2R 0EW at 11.30 am to receive a Report from the Committee with the Accounts for the year ended 31st December 1988; to propose a Dividend; to elect definitively a Member of the Committee in accordance with Article 16 of the Statutes; to re-appoint Members of the Committee; and to fix the remuneration of Members of Committee in accordance with Article 18 of the Statutes.

By Article 27 of the Statutes the General Meeting is composed of holders, whether in person or by proxy or both together, of at least thirty shares, who, to be entitled to take part in the Meeting, must deposit their shares and, as may be necessary, their proxies at the Head Office of the Company in Istanbul or at any of the branches, or in London at King William House, 22, Eastcheap, London EC3M 1AA or in Paris at 7 rue Meyerbeer, 75008, at least ten days before the date fixed for the Meeting.

The Report of the Committee and the Accounts which will be presented to the General Meeting are available to the Shareholders at the Head Office in Istanbul and at the offices in London and Paris.

T R STEPHENS
Secretary to the Committee

31st March 1989

COMPAGNIE BANCAIRE CAPITAL INCREASE :

1 NEW SHARE AT FF 420 FOR 5 EXISTING SHARES

For Compagnie Bancaire, 1988 was a year of sustained growth in France and rapid expansion in Europe.

Although exceptional expenses entailed by the early repayment of mortgage loans seriously affected UCB's results, the Group succeeded in maintaining and even increasing profitability.

First implemented three years ago, the Group's strategy of establishing itself in every major European country by exploiting the skills of its subsidiaries has borne fruit. In 1988 six firms were set up by Group companies in West Germany, Belgium, Spain and Italy. Overall, Compagnie Bancaire's European subsidiaries already distribute 10% of new loans, and their income accounts for 3% of Group results.

Because Compagnie Bancaire intends to accelerate its growth in France and in Europe, and is determined to maintain a credit rating that keeps it in the front rank on world financial markets, it has decided to implement two capital operations of direct concern to its shareholders.

A rights issue

The capital has been increased from FF 1,409 to 1,691 (£ 154.4) million through the issue of new shares of FF 420 (£ 38.4) each. A preferential subscription right entitles existing shareholders to subscribe to one new share for five already held. This right is negotiable on the Paris Stock Exchange, and may be exercised between 27 February and 20 March 1989. The issue of shares for

cash will entitle Compagnie Bancaire to deduct a portion of the dividends paid on new shares from its taxable income over a period of eight years. Because of the premium it carries, the issue will also strengthen the capital reserves at no tax cost; it will thus make it easier for Compagnie Bancaire to pursue its traditional policy of increasing shareholders' income through the allotment of bonus shares.

A scrip issue

The management Board of Compagnie Bancaire has also decided to carry out a second issue of shares which were paid up through the capitalisation of reserves and will be allocated to shareholders as bonus shares. This operation marks yet another application (the 12th in 24 years) of the company's policy of steadily increasing its dividend. The new shares were created with rights as of 1 January 1989. They will be distributed to old and new shareholders, on the basis of one bonus share for five already held, following the completion, due on 24 April, of operations entailed by the issue of shares for cash.

These operations reflect Compagnie Bancaire's determination to keep growing, so that by 1992 it will be the leading group in Europe specialising in financial services, and to enable shareholders to enjoy the benefits their loyalty deserves as they accompany it along that road.

André Levy-Lang

André LEVY-LANG
Chairman of the Management Board

1988 KEY FIGURES

Consolidated net income	FF million	£ million (*)	New business	FF billion	£ billion (*)
Group total	1,579	144.2	New loans	68	6.2
after deducting outside shareholders' interest	1,049	95.8	Savings received	9	0.8
of which net operating income (i.e. FF 60 (£ 5.5) per share: +20%)	847	77.4			

(*) Amounts in £ are presented solely for convenience as of 31 December 1988 closing rate (£ 1 = FF 10.95).

■. COMPAGNIE BANCAIRE

NEW ISSUE

This announcement appears as a matter of record only.

March, 1989



TEIJIN LIMITED

(Incorporated under the laws of Japan)

U.S.\$300,000,000

4 3/8 per cent. Bonds due 1993

with

Warrants

to subscribe for shares of common stock of Teijin Limited
ISSUE PRICE 100 PER CENT.

Daiwa Europe Limited

Nomura International Limited

Sanwa International Limited

Citicorp Investment Bank Limited

Fuji International Finance Limited

The Nikko Securities Co., (Europe) Ltd.

Yamaichi International (Europe) Limited

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NEW ISSUE

This announcement appears as a matter of record only.

March, 1989



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with

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INTERNATIONAL CAPITAL MARKETS

Treasuries dip as dollar shows signs of faltering

By Janet Bush in New York and Katharine Campbell in London

US Treasury bonds continued to track the dollar yesterday, slipping marginally after a string of price gains this week as the US currency came off its highs. In late morning trading, prices were quoted about 1/4 point lower at the short end of the curve.

However, bonds still have to wrestle with longer-run concerns about inflation and interest rates. Although this week's data have tended to suggest more weakness than strength in the economy, there is still a risk that upward pressure on prices could continue for some time.

The next significant hurdle for the market will be the release of unemployment and jobs data on April 7. Yesterday saw the release of factory goods orders for February which fell by 2.3 per cent, a larger decline than the 1.5 per cent most analysts had forecast. These figures had little impact.

GOVERNMENT BONDS

The yield curve while long-dated maturities stood as much as 1/4 point higher. The yield on the Treasury's benchmark long bond rose to 9.15 per cent.

Both bond and stock markets appear to have benefited this week from the start of the new Japanese fiscal year as some new investment has come into US capital markets. Next week, the meeting in Washington of the International Monetary Fund and the senior Bank of Japan officials who expressed concern about the dollar's level.

Next month's bond is expected to be issued with a 4.5 per cent coupon, making it fungible with the No. 119 stock that came in March. Dealers anticipate at least Y800bn of new paper.

Movements in the bond market were unremarkable. The market has had a good run this week with strong demand at both the two-year and four-year auctions encouraging

Since the Danish central bank announced on Wednesday it was reducing financial institutions' official borrowing facilities, the government bond market has dipped some 20 basis points in what dealers described as a modest correction rather than active selling.

In an attempt to cool domestic borrowing, the central bank has lowered institutions' borrowing ceiling to 5 per cent from 10 per cent of their capital.

Smaller banks might have to sell government stock to produce liquidity to reduce their drawing level.

This credit tightening was aimed at defending the krona in response to higher inter-bank rates abroad.

The APRIL bond to be auctioned by the Japanese Ministry of Finance next Tuesday may become the benchmark issue replacing the No. 111 bond, dealers say.

The current benchmark bears a 4.5 per cent coupon but is yielding 5.18 per cent, which makes it unrepresentative of the market.

Next month's bond is expected to be issued with a 4.5 per cent coupon, making it fungible with the No. 119 stock that came in March. Dealers anticipate at least Y800bn of new paper.

Trading was quiet yesterday, ahead of the forthcoming Group of Seven meeting and in the continuing absence of any significant clues from the Bank of Japan as to whether it intends to raise interest rates.

BENCHMARK GOVERNMENT BONDS

	Coupon	Yield	Change	Week ago	Month ago		
UK GILTS	13.500	9.62	107-18	-3/32	10.63	10.68	10.70
US TREASURY	8.750	9.15	97-22	-1/8	10.15	10.14	10.11
JAPAN	4.600	6.98	98.8627	+0.394	5.10	5.08	5.03
GERMANY	6.375	11/98	98.0000	+0.050	6.96	6.94	6.97
FRANCE	8.000	1/94	98.5538	+0.129	8.14	8.20	8.37
CANADA	10.250	12/98	98.1280	+0.376	10.56	10.64	10.64
NETHERLANDS	6.7500	10/98	97.3290	+0.200	7.14	7.09	7.25
AUSTRALIA	12.000	7/98	91.4155	+0.155	13.55	13.63	13.82

London closing. *Denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical DATASLAB Price Sources

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

	Issued	Bid	Offer	Day	Week	Yield	Change
US DOLLAR STRAIGHTS							
Abby National 7 1/2 '92	200	92 1/2	92 1/2	-1/4	-1/4	10.74	
B.F.C.E. 7 1/2 '91	150	95 1/2	96 1/2	+1/4	+1/4	10.14	
Brit. Tel. Fin. 9 1/2 '90	250	95 1/2	96 1/2	+1/4	+1/4	10.02	
Canada 8 1/2 '91	100	99 1/2	100 1/2	+1/4	+1/4	10.12	
Canadian Pac 10 1/2 '89	100	99 1/2	100 1/2	+1/4	+1/4	10.12	
C.N.C.A. 9 1/2 '93	150	96 1/2	97 1/2	+1/4	+1/4	7.13	
Credit Lyonnais 9 1/2 '91	200	97 1/2	97 1/2	0	0	10.49	
Credit National 1 1/2 '93	200	92 1/2	92 1/2	+1/4	+1/4	10.44	
Credit National 7 1/2 '92	100	92 1/2	92 1/2	+1/4	+1/4	10.44	
Denmark 8 1/2 '92	150	97 1/2	97 1/2	+1/4	+1/4	10.85	
Deutsche 7 1/2 '92	300	91 1/2	92 1/2	+1/4	+1/4	10.47	
E.C.C. 7 1/2 '91	100	92 1/2	92 1/2	0	0	10.37	
E.C.C. 7 1/2 '93	100	92 1/2	92 1/2	+1/4	+1/4	10.30	
E.C.C. 8 1/2 '90	200	96 1/2	97 1/2	+1/4	+1/4	10.27	
E.I.B. 7 1/2 '93	100	90 1/2	90 1/2	+1/4	+1/4	10.28	
E.I.B. 8 1/2 '97	150	95 1/2	96 1/2	+1/4	+1/4	10.29	
Elec. De France 9 1/2 '90	200	93 1/2	94 1/2	+1/4	+1/4	10.04	
Elec. De France 10 1/2 '91	200	93 1/2	94 1/2	+1/4	+1/4	10.04	
Fin. Exp. 8 1/2 '92	200	94 1/2	94 1/2	+1/4	+1/4	10.49	
Fin. Exp. 9 1/2 '90	200	95 1/2	95 1/2	+1/4	+1/4	10.22	
Gen. Elec. Cap. Corp. 9 1/2 '93	500	95 1/2	95 1/2	0	0	10.27	
Gen. Elec. Credit 10 1/2 '00	200	99 1/2	99 1/2	-1/4	-1/4	10.30	
Gen. Elec. Credit 10 1/2 '91	200	99 1/2	99 1/2	-1/4	-1/4	10.30	
Hollaird 8 1/2 '93	200	96 1/2	97 1/2	+1/4	+1/4	10.46	
IBM Credit Corp. 8 1/2 '91	250	96 1/2	97 1/2	+1/4	+1/4	10.25	
IBM Credit Corp. 9 1/2 '92	200	97 1/2	97 1/2	-1/4	-1/4	10.21	
Italy 9 1/2 '95	1000	96 1/2	97 1/2	+1/4	+1/4	10.09	
L.T.C. of Japan 8 1/2 '91	1000	94 1/2	95 1/2	+1/4	+1/4	10.70	
L.T.C. of Japan 9 1/2 '92	200	96 1/2	96 1/2	0	0	10.43	
Macquarie Trade 8 1/2 '92	100	95 1/2	96 1/2	+1/4	+1/4	10.23	
Nippon Tel. & Tel. 9 1/2 '90	250	96 1/2	96 1/2	+1/4	+1/4	9.98	
Norway 8 1/2 '93	500	95 1/2	95 1/2	+1/4	+1/4	10.19	
Portugal 8 1/2 '91	150	98 1/2	98 1/2	-1/4	-1/4	10.56	
Prudential 8 1/2 '94	125	94 1/2	94 1/2	+1/4	+1/4	10.15	
Quintus Airways 10 1/2 '95	140	100 1/2	101 1/2	0	0	10.19	
Sandwich 10 1/2 '92	100	98 1/2	98 1/2	-1/4	-1/4	10.47	
State St. 5 1/2 '94	100	96 1/2	96 1/2	+1/4	+1/4	10.42	
Sumitomo Bank 9 1/2 '92	150	97 1/2	97 1/2	+1/4	+1/4	10.38	
Svenska 8 1/2 '92	150	92 1/2	93 1/2	+1/4	+1/4	10.38	
Sweden 7 1/2 '91	250	92 1/2	93 1/2	0	0	10.37	
Sweden 8 1/2 '91	200	93 1/2	94 1/2	+1/4	+1/4	10.04	
Sweden 8 1/2 '92	200	93 1/2	93 1/2	0	0	10.19	
Toyota 9 1/2 '91	200	97 1/2	97 1/2	0	0	10.45	
Windsor 11 1/2 '92	200	101 1/2	101 1/2	+1/4	+1/4	10.21	
World Bank 7 1/2 '92	300	92 1/2	92 1/2	+1/4	+1/4	10.03	
World Bank 8 1/2 '90	300	94 1/2	94 1/2	+1/4	+1/4	10.03	
World Bank 9 1/2 '90	500	95 1/2	95 1/2	+1/4	+1/4	9.92	
World Bank 9 1/2 '91	500	97 1/2	97 1/2	+1/4	+1/4	9.92	
Yanaco Trust Fin 8 1/2 '93	100	92 1/2	92 1/2	+1/4	+1/4	10.53	

Denote price change. On day 0 on week +0

	Issued	Bid	Offer	Day	Week	Yield	Change
EUROPEAN STRAIGHTS							
Asia Dev. Bk. 6 1/2 '94	200	97 1/2	98 1/2	-1/4	-1/4	6.45	
Asia Fin. Svcs. 6 1/2 '94	200	97 1/2	98 1/2	-1/4	-1/4	6.45	
Bank of Tokyo 5 1/2 '93	100	96 1/2	97 1/2	-1/4	-1/4	6.44	
Central Bk. Turkey 7 1/2 '92	200	100 1/2	100 1/2	-1/4	-1/4	6.82	
Commerzbank 6 1/2 '92	200	95 1/2	95 1/2	-1/4	-1/4	6.51	
Deutsche 6 1/2 '97	200	95 1/2	95 1/2	-1/4	-1/4	6.76	
E.I.B. 5 1/2 '90	100	91 1/2	91 1/2	-1/4	-1/4	6.78	
E.I.B. 6 1/2 '96	300	96 1/2	97 1/2	+1/4	+1/4	6.67	
E.I.B. 6 1/2 '97	300	96 1/2	97 1/2	+1/4	+1/4	6.79	
E.I.B. 6 1/2 '95	300	100 1/2	101 1/2	-1/4	-1/4	6.70	
Euro. Coal. 5 1/2 '97	175	94 1/2	94 1/2	0	0	6.80	
Euro. Coal. 6 1/2 '96	175	94 1/2	94 1/2	0	0	6.79	
Elec. De France 5 1/2 '97	300	93 1/2	94 1/2	+1/4	+1/4	6.72	
Fin. Exp. 5 1/2 '93	200	94 1/2	95 1/2	+1/4	+1/4	6.79	
Fin. Exp. 6 1/2 '93	200	94 1/2	95 1/2	+1/4	+1/4	6.72	
Japan Dev. Bk. 5 1/2 '96	300	93 1/2	94 1/2	+1/4	+1/4	6.66	
Lat. Dev. Bk. 5 1/2 '97	100	95 1/2	96 1/2	+1/4	+1/4	6.79	
Malaysia 6 1/2 '94	150	100 1/2	101 1/2	+1/4	+1/4	6.01	
Nat. West. Bk. 6 1/2 '96	300	95 1/2	96 1/2	+1/4	+1/4	6.79	
N.H.L. Finance 6 1/2 '95	200	95 1/2	97 1/2	+1/4	+1/4	6.82	
Nippon Tel. & Tel. 6 1/2 '95	400	97 1/2	98 1/2	-1/4	-1/4	6.25	
Oriental 6 1/2 '93	200	96 1/2	96 1/2	-1/4	-1/4	6.13	
Portugal 6 1/2 '95	150	96 1/2	96 1/2	-1/4	-1/4	6.68	
Portugal 6 1/2 '96	150	96 1/2	96 1/2	-1/4	-1/4	6.51	
Prudential 5 1/2 '93	150	94 1/2	94 1/2	-1/4	-1/4	6.79	
Royal Ind. 5 1/2 '92	300	97 1/2	98 1/2	+1/4	+1/4	6.34	
Soc. Gen. Nuclear 7 1/2 '95	150	100 1/2	101 1/2	+1/4	+1/4	7.01	
Turkey 6 1/2 '95	200	96 1/2	97 1/2	+1/4	+1/4	7.09	
Union Bk. Finland 5 1/2 '94	200	94 1/2	94 1/2	0	0	6.84	
Wells Fargo 6 1/2 '95	200	94 1/2	94 1/2	-1/4	-1/4	6.79	
World Bk. 6 1/2 '97	600	97 1/2	97 1/2	+1/4	+1/4	6.82	

INTERNATIONAL CAPITAL MARKETS

Choosy investors snap-up Ecu-denominated issues

By Andrew Freeman

TWO ECU-denominated deals had fine receptions in surprisingly heavy Eurobond new issue activity yesterday. The tone of the market remained cautious, however, with syndicate managers agreeing that investors remain extremely choosy.

Credit Lyonnais was the lead manager of both Ecu deals. An Ecu100m 10-year issue for Banque Francaise de Commerce Extérieur came with a 9 per cent coupon and was priced at 101 1/4. The deal was said to be sold out and the paper was quoted at less than 1% bid, well inside underwriting fees of 2 per cent.

Again, Credit Lyonnais kept the syndicate small, with seven

INTERNATIONAL BONDS

Japan Air Lines brought by Nomura attracted a huge syndicate of over 60 banks. The \$1bn deal came with an initial coupon of 4 1/4 per cent and was quoted by the lead manager at 103 1/4 bid, a handsome premium to the par issue price.

A \$150m two-year zero-coupon deal for ASARCO was placed by Mitsubishi Trust with a single Far Eastern investor as part of a swap-related transaction. Bain Securities was the lead manager of an A\$100m four-year issue for New South Wales Treasury Corporation. The bonds had a 12 1/2 per cent coupon and were priced to yield around 1/4 per cent less than the domestic issue into which the paper is exchangeable.

In Switzerland, Credit Suisse was the lead manager of a SFr100m seven-year private

New World and Paribas postpone bond issue

By Michael Murray in Hong Kong

NEW WORLD Development, the Hong Kong property group, and Paribas Asia, the merchant bankers, are to postpone a HK\$1bn (US\$128.5m) convertible bond issue announced last week, on the grounds that Paribas wishes to distance itself from the HK\$3bn hostile takeover bid for Wing On launched the same day by New World.

Local brokers said the terms of the Hong Kong dollar bond issue in two HK\$500m tranches with interest to be fixed between 5.5 and 6 per cent for one tranche and 7 to 7.25 per cent for the other, had an unfavourable investor response.

Mr Philippe Aubert, head of Paribas in Hong Kong, said the issue had been delayed because of a misunderstanding, through which Paribas had not been informed of the attempt by New World to wrest control of Wing On.

He noted that New World had announced that the proceeds from the bond issue were to be used for general working capital requirements, but had become associated with the Wing On offer. The HK\$17 a share offer for Wing On is now seen as dead.

Mr Aubert said that New World had fully underwritten the original bond issue, to proceed with a new issue before July.

Its terms would reflect market conditions at the time, he added.

New World Development yesterday reported after-tax profits of HK\$985m for the six months ended last December, while its New World Hotels subsidiary announced profits of HK\$204m for the same period.

Investment bankers under siege Stephen Fidler on the big squeeze facing some City stalwarts

The accompanying chart happens to show the experience of County NatWest, but its shape reflects the sorry experience of many of London's investment banks in recent times: a huge and growing commitment of capital on which there has been sharply declining and often negative returns.

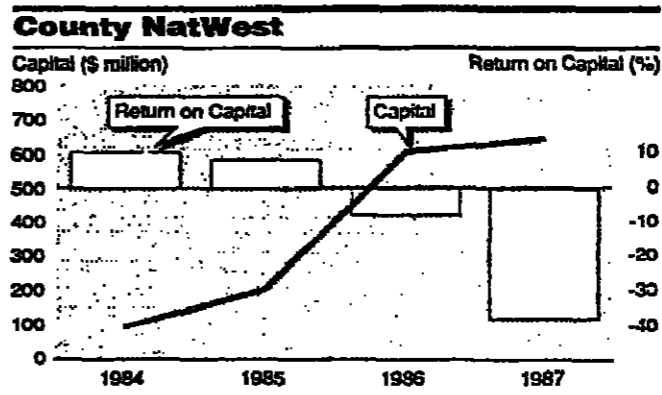
The rush into the City at the time of Big Bang brought about an unprecedented expansion in investment banking capacity.

The toll has been well-publicised withdrawals from the securities markets - such as that of Morgan Grenfell - and embarrassing admissions that big strategic errors have been made.

It is a process that is far from running its course. But as they attempt to redirect their resources, investment bankers are left with the problem of where to redirect in a market where the prospects for product innovation appear limited.

A survey of investment banking into the 1990s by the management consulting arm of Price Waterhouse - such surveys seem to provide one of the few remaining growth businesses in the City - confirms that many investment banks have, whether they publicly admit it or not, buried their global ambitions.

The survey of 41 investment banks in London, shows investment banks have shifted their emphasis from attempting to dominate through sheer size to "a selective investment in a



County NatWest Capital (\$ million) Return on Capital (%)

narrower range of products and locations. The emphasis, obviously perhaps, is on using scarce resources - both capital and people - more efficiently, reducing costs and improving profitability.

As the business enters a period of consolidation, investment banks are: Rationalising their product ranges. No one product emerged in the survey as an obvious focus for investment.

Overheads will be cut. Attempts will be made to contain property, personnel and technology costs, while more rigorous assessment is likely of information technology.

Management style will change. Retaining good staff and being more flexible in what have been notoriously poorly managed businesses will become a priority. But staff numbers will fall, remuneration will be more

closely linked to performance and loyalty. The annual bonus may be replaced by long-term share option schemes, for example - attempts will be made to shorten lines of communication, and business plans and budgets will be reviewed more frequently.

Turnover is expected to increase in all global and UK products except for the primary market in UK equities, sterling commercial paper and the markets in UK government bonds and floating-rate notes. Profitability is expected to rise in international equities - both primary and secondary markets - and, surprisingly perhaps, in the secondary market in UK domestic equities.

International equities are expected to benefit from the single European market, although optimism about this may be short-lived as growing numbers of banks compete for market share.

A positive outlook is also forecast for profitability in interest rate futures and currency options, as key products in the management away to other rates and currency volatility. However, profits are likely to be generated more by their use in financial engineering than in speculation.

Many UK-based firms worry that regulation in London may erode business away to other European centres. This trend may be further encouraged as 1992 approaches and Continental European markets grow increasingly unregulated and competitive.

But staff numbers will fall, remuneration will be more

NEW INTERNATIONAL BOND ISSUES

Table with columns: Borrower, Amount m., Coupon %, Price, Maturity, Fees, Book runner. Lists various international bond issues including US Dollars, Canadian Dollars, Australian Dollars, Swiss Francs, ECU, Yen, and New Zealand Dollars.

Riggs National Bank buys stake in Valmet

By William Dufforce in Geneva

RIGGS National Bank of the US has taken a 51 per cent holding in Valmet, a Geneva-based finance company with offices in Lugano and Gibraltar.

The price was not disclosed but Valmet's capital has been raised from SFr150,000 to SFr2m (\$1.2m) and its name has been changed to Riggs Valmet.

Valmet, which is owned by its partners and management, specialised in portfolio management, fiduciary activities and corporate consultancy. The Riggs National Bank

Taiwan to raise T\$8bn in China Steel share sale

Holdings, is consultant to the offer.

Mr Liang Chang, Shearson-Global president, said the offer would provide more products to local investors and help the Government soak up some of the liquidity. "As this is for long-term investment, we believe it will have little impact on the local stock market," he added.

China Steel is one of Taiwan's largest listed groups. The public holds 1.7 per cent of the shares, while the Government owns 2.5 per cent and the Treasury the rest.

China Steel is one of Taiwan's largest listed groups. The public holds 1.7 per cent of the shares, while the Government owns 2.5 per cent and the Treasury the rest.

BRITISH GAS accounted for no less than 17 per cent of dealings on the London Traded Options Market yesterday, attracting 8,822 contracts, out of a market total of 40,480, as the underlying share price lost 4 1/2p to 170 1/2p. There was evidently combination trading going on, with the June 180 puts attracting 1,000 contracts, partly opening of interest, the December 180 puts also around 1,000, entirely opening, and the December 180 puts as many as 3,000, to bring almost entirely a net opening of position.

The expiry of the FT-SE 100 Index March contract on Life today led to some rolling on of positions to June. There were reports of a temporary dip in the March index contract to a discount on the underlying market, but the day ended with the overall futures index trading continuing to give an upwards drift to the index.

The index itself lost 22.3 points on balance to 2,048.4, without any particular fundamental development.

Sterling showed some weakness, and there were some weaknesses shown by way of the Life interest rate positions, but the three-month interbank sterling rate held steady at 13 per cent. It was a day when the options market saw more interest in other markets than in its own, with two or three stocks to be set apart.

LONDON MARKET STATISTICS

Table showing RISES AND FALLS YESTERDAY for British Funds, Corporate Bonds, and Financial and Property. Includes a sub-table for EQUITIES with columns for Rise, Fall, Same, and Total.

LONDON RECENT ISSUES

Table listing recent issues with columns for Issue, Amount, Dates, High, Low, and Stock. Includes issues like British Gas, British Telecom, and various corporate bonds.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns for Issue, Amount, Dates, High, Low, and Stock. Includes issues like British Telecom, British Gas, and various corporate bonds.

RIGHTS OFFERS

Table listing rights offers with columns for Issue, Amount, Dates, High, Low, and Stock. Includes offers for British Telecom, British Gas, and various corporate bonds.

LONDON TRADED OPTIONS

Large table showing London Traded Options with columns for Underlying, Call, Put, and various contract details. Includes options for British Gas, British Telecom, and various stocks.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table showing FT-ACTUARIES SHARE INDICES for EQUITY GROUPS & SUB-SECTIONS. Lists various equity groups like CAPITAL GROUPS, CONTRACTING, ELECTRICALS, etc., with their respective indices and changes.

FIXED INTEREST

Table showing FIXED INTEREST with columns for Average Gross Redemption Yields, Price Index, and various interest rate data.

Indices based on 100 on 20/10/84. 11 on 20/10/84. 12 on 20/10/84. 13 on 20/10/84. 14 on 20/10/84. 15 on 20/10/84. 16 on 20/10/84. 17 on 20/10/84. 18 on 20/10/84. 19 on 20/10/84. 20 on 20/10/84.

UK COMPANY NEWS

Lower circulations and the failure of Extel Sports inhibit profits
United Newspapers up to £107.7m

By John Thornhill

THE TOUGH trading environment for national newspapers and the failure of Extel Sports to challenge live televised horse racing services held profits at United Newspapers to £107.7m in 1988, a 13 per cent gain on the previous £95.6m.

Turnover rose by 5 per cent to £753.8m (£716.6m). Lord Stevens of Ludgate, chairman, said that profits from its national newspapers, which include the Daily Express, the Sunday Express and The Star, had fallen from £33.15m to £31.64m.

Newspaper circulations had dropped "in the face of some enormous promotional spending by all our principal competitors a practice which shows no sign of abating and which cannot, in the long run, be a sensible appropriation of hard-won revenues", he said.

building and equipping of new production centres in Manchester, Broughton and London's Docklands would continue, he said.

It was announced in January that Extel would close its racing information service in June this year, after losing a significant number of subscribers to satellite television services.

But Lord Stevens said that Extel Financial had increased its profits by 28 per cent despite a general retrenchment in the financial services sector. The group's regional newspapers, benefitting from earlier rationalisations and buoyed by higher advertising revenues, recorded a 35 per cent increase in profits to £20.28m (£15.36m). Its advertising periodicals also did well from high advertising volumes and showed profits of £18.2m (£14.37m).

A full year's contribution from Benn Brothers helped the



Lord Stevens: hit by enormous spending by all competitors

magazines and exhibitions division increase profits to £13.6m (£11.64m), despite significant start-up costs associated with two titles, Auto

Express, a joint venture with Axel Springer Verlag, the West German publishing group, and Morgan-Grampian's Transport Week.

US trading profits, strengthened by contributions from recent acquisitions but adversely affected by exchange rates, advanced from £16.88m to £22.74m.

Although earnings per share slipped by 8 per cent at the interim stage, United announced an increase of almost 4 per cent in yearly earnings to 37.5p (36.2p) per share.

A final dividend of 13p (12p) is recommended, which will make a total of 20.5p (19p).

Lord Stevens said that, although trading conditions would continue to be highly competitive, United had made a satisfactory start to 1989.

See Lex

Weak dollar and falling oil price hits
Lasmo result

By John Ridding

LOW CRUDE oil prices and a weak dollar prompted a 56 per cent fall in pre-tax profits for London and Scottish Marine Oil, from £36m in 1987 to £12m last year.

However, the company received a tax credit of £10.8m, which, with minority interests, brought net profits to £22m compared with £22m in 1987. A profit of £195m realised on the sale of its Enterprise Oil stake was taken as an extraordinary item making total profits £222m.

Turnover fell 13 per cent to £149.7m and earnings per share edged up to 12.5p (12.4p). The board has proposed a final net dividend of 6p making a total for the year of 8.5p (7.7p). Operating profit fell from £30.5m to £4.5m and profits from its share in Enterprise Oil, now sold, equalled £16.6m. Administration costs rose from £7.9m to £10.8m reflecting an increase in staff.

During the year production averaged 52,700 barrels of oil equivalent per day (boepd), an increase of 21 per cent over 1987. However, the weak market and exchange rate movements meant that the average sterling price per barrel was around £2 less which, according to Lasmo, gave the lowest annual average for the company's history.

Mr Chris Greentree, Chief Executive, said that Lasmo anticipates improved stability in the oil market. In addition, he said that Thomson North Sea, the company's largest acquisition which was made earlier this year, would help in boosting production rates to around 90,000 boepd by the end of this year.

At the end of 1988 Lasmo had net cash or near cash of £265m compared with a net debt position at the end of 1987 of £120m. Excluding acquisitions, there was capital expenditure of £60m in 1988, roughly the same as 1987. Increased capital expenditure and a greatly expanded drilling programme has been budgeted for the current year.

COMMENT

Lasmo came in bang in line with expectations illustrating the parlous state of the market last year. This year, however, the company should see dramatic improvement. On the one hand the swapping of its Enterprise equity stake for the loan notes from Elf should bring net interest receivable of about £25m. In addition, the oil market itself, while likely to ease from current levels should still remain stronger than last year. Against this the company will likely return to paying tax, perhaps in the region of £15m. Much of the speculative froth has now disappeared from the share price which, this year has underperformed the sector. Nonetheless an element of bid speculation remains. More broadly, Lasmo will have to start delivering on its exploration promise. So far the shares have been trading on expectations of what may be discovered but with a large drilling programme about to start the crunch time is nearing. Overall, analysts are predicting net profits in the region of £55m, placing shares on a multiple of around 20.

Trafalgar House

Trafalgar House, the diversified property, construction, energy and shipping group, has set up a new company called Goldquill Properties to handle its property trading activities.

The new company has taken under its charge group properties held for trading, as opposed to investment purposes and has begun to acquire others.

BOARD MEETINGS

TODAY	
Interco - Granada Hotel	
Plastic - ASEA, Coates Brothers, Ely (Wiltshire), Eurosteel, Gibe & Dandy, Gool Petroleum, Plastic Constructions, Record, Triplast	
FUTURE DATES	
Asahi	Apr 24
Castrol International	Apr 11
Kolmar	Apr 27
Lowland Investment	Apr 26
Marland	Apr 5
Pharmigis	Apr 6
Shimizu Industries	Apr 21
Ash & Levey	Apr 11
BAA	Apr 12
B&W (William)	Apr 6
British Air	Apr 4
British & Commonwealth	Apr 6
Dunlop Motors	Apr 5
Edmond	Apr 3
English National Inv	Apr 19
Fairways International	Apr 10
Furum & Mason	Apr 5
Liberty	Apr 28
Lowlands Quarrenway	May 8
Macco Leisure	Apr 12
Page (Michael)	Apr 12
Peimise Optical	Apr 10
Q&Q	Apr 5
RFI	Apr 7
Redford	Apr 27
Rockwell	Apr 5
Scottish American Inv	Apr 19
Sovereign Oil & Gas	Apr 25
Thornhill Jute Factors	May 2
Trough Metals Malaysia	Apr 4
Wilson Investment	May 18

Burmah shares lower despite
12% profits increase to £88m

By John Ridding

BURMAH OIL, the lubricants and fuels group, yesterday announced profits after tax of £88.1m for 1988, an increase of 12 per cent over 1987. However, £8.4m of the improvement resulted from a single property sale, and the market, apparently concerned by the prospect of more difficult trading this year, marked the share price down 23p to 542p.

The rise would have been greater but for a change in accounting practice whereby average, instead of year-end, exchange rates were used. This change applied to all but hyper-inflationary countries and added £2.1m to 1988 profits and £7.5m to the restated 1987 figures.

Turnover rose by 8.6 per cent to £1.37m and profits before tax by 7 per cent to £146.2m.

The improvement came despite an adverse impact of £2.5m on trading profits from translation of overseas earnings and a 58 per cent increase in interest charges resulting from Burmah's £150m investment and acquisition programme.

Net profits, however, benefited from a decline in effective tax rates. This reflected a higher share of UK profits in the total and broadly stable overseas charges resulting from lower rates in the US, Australia and Malaysia.

The principal factor in the improvement was the lubricants division, dominated by Castrol. Trading profits rose by 9.3 per cent to £112.2m on turnover up by around 14 per cent. An adverse currency effect of £5.5m was more than offset by the sale of the group's Rotherhithe factory for £2.2m.

Fuels also performed well, increasing trading profits by over 60 per cent to £13.8m. To a large extent, this reflected the acquisition of ICI's retail network at the end of 1987.

There were setbacks, however, at both specialty chemicals and energy investments divisions. In the former, profits fell by around 5 per cent to £13.7m. According to Mr Lawrence Urquhart, chief executive, this resulted from adverse currency movements and revenue investments but also from losses in its water treatment business.

Energy investments experienced a 21 per cent fall in profits to £3.5m as a result of the effect of lower oil prices on Premier Consolidated Oilfields, in which Burmah now has a 29.8 per cent stake.

During the year the group continued to build its capital and strategic investments, spending £71m on acquisitions and £66m on capital expenditure. In addition, Castrol companies were established in five new countries.

Mr Urquhart said Burmah would continue to pursue its strategy of relatively small acquisitions - up to the £10m level. More substantial possibilities were also under consideration.

Earnings rose by 10.5 per cent to 49.9p (44.6p) and a final dividend of 12p was recommended making a total of 16p (15.5p).

See Lex

Disk subsidiary
pulls Habit into loss of £0.96m

By Graham Deller

OPERATING LOSSES sustained by its Crosby Disks computer substrates subsidiary led to Habit Precision Engineering incurring a pre-tax deficit of £968,000 in the 12 months to September 31. Turnover was £17.98m.

In the previous year, the acquisitive industrial diamond and precision engineering group achieved profits of £1.5m on turnover of £17.71m. Since the year-end, Habit has closed Crosby, where operating losses increased over the year from £234,000 to £1.1m, and a full provision of £2.53m against future losses was taken below the line as an extraordinary item.

Mr David Willetts, appointed chairman in January this year, said that the core diamond division increased sales and profits by some 20 per cent - operating profits expanded from £726,000 to £861,000.

Losses per 5p share were 6.05p against earnings of 7.55p. The directors are not recommending payment of a final dividend.

SIS placing will reduce bookies' stake

SIS, the company set up in late 1985 to transmit racing pictures to betting shops, is holding private placings to reduce the stake held by bookmakers, writes Vanessa Houlder.

The placing of about 26 per cent of SIS's equity will satisfy an agreement struck with the Racecourse Association in 1987, which limited bookmakers' holdings to 45 per cent. This was designed to protect the interests of the small independent bookmakers.

The shareholdings of Bass, Grand Metropolitan and Ladbroke - which currently own 66 per cent of the shares - will be reduced to 45 per cent. Sears, which has no bookmaking interests after the sale of William Hill, will reduce its holding from 19.1 per cent to 12.9 per cent.

The other shareholders are the Racecourse Association and the Horserace Totalisator Board, which will increase its stake from 5 per cent to 6 per cent. The placing, which is also expected to raise some money for SIS, is likely to take place in June. SIS said that it planned to apply for a listing no later than 1989.

Wills Group up 9% to £1.39m

Wills Group, the international trading company and financial services company that is a subsidiary of Australian Investors Corporation, saw pre-tax profits edge up 9 per cent in 1988. The taxable result of £1.39m came from turnover down from £30.47m to £26.16m.

To reduce borrowings the group is to transfer about £440m (£19.1m) of the client loan accounts of its Australian Financial Services Division to BNZ International Australia.

This creates a loss to shareholders of £2.6m (£310,000). Consequently there is no dividend. Earnings, however, advanced to 7.8p (6.7p).

DIVIDENDS ANNOUNCED

Company	Dividend	Share Price	Yield
Alida Holdings	7.5	6.75	10.5
Besser	2.45	2.1	6.33
Brooks Service	3.4	2.8	5.42
Burmah Oil	12	10.5	19
Cliffords Foods	6.4	5.5	10
Clifton Cards	2.53	-	3.53
Cooper (Fred)	1.35	1.1	3.25
Corporate Ets	1.75	0.45	3
Gardner (DC)	2.2	-	3.3
Habit Precision	nil	1.5	0.8
Joyce Group	0.9	0.9	10
Lambert Howarth	6	6	8.5
Macfarlane Group	2.8	2.06	4.35
Mellors	7.1	7.1	9.6
More O'Ferrall	7.6	5.4	10
Murray Ventures	2.5	2.5	10
N Sea & Genl	0.5	-	1
Plannec	2.7	1.5	4.2
Senior Eng	1.6	1.29	2.6
Town Centre Sec	0.6	0.5	1.5
United Newspapers	13	12	20.5
Weir Group	4.75	3.25	7

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issues. †On capital increased by rights and/or acquisition issues. ‡SISM stock. §Unquoted stock. ¶Third market.

United Newspapers plc

1988

Results

Year to 31st December

	1988	1987	Increase
Turnover	£753.8m	£716.6m	5.2%
Profit before tax	£107.7m	£95.6m	12.7%
Tax	£36.2m	£33.2m	9.0%
Earnings per share	37.5p	36.2p	3.6%
Dividend	20.5p	19p	7.9%

Chairman, Lord Stevens of Ludgate reports:

Profits before tax increased to £107.7m from £95.6m last year.

Your directors underline their belief in the sound future for the group by recommending an increase in the final dividend of 8.3% to 13p making a total for the year of 20.5p (1987: 19p).

There is little doubt in my mind that trading conditions in 1989 will be highly competitive, although a satisfactory start to the year has been made.

United Newspapers plc

23-27 Tudor Street, London EC4Y 0HR

The annual report will be sent to shareholders on 18th April, 1989

FURTHER SIGNIFICANT GROWTH

Turnover	UP 16%	£44.5m
Profit before tax	UP 34%	£9.5m
Earnings per share	UP 36%	25.5p
Ordinary dividend	UP 39%	10.0p

The above statement is a summary of the unaudited results for the year ended 31 December 1988.

1988 was a year of further growth with the successful development of the Adshel Superlite network throughout the UK and the expansion of operations in France. 1989 has started well and the investment of £11m made in 1988 provides the base for continued expansion.

RW Gore-Andrews - Chairman
commenting on the results and outlook

For a copy of the Annual Report write to the Secretary, after 28 April, 19 Curzon Street, London W1Y 8BJ

MORE O'FERRALL PLC



KINGFISHER. OUR FLIGHT PATH TO SUCCESS.

Kingfisher plc may have only just taken off.

But as you can see, it has been a smooth send-off.

For the past six years we've been operating under the altogether more familiar name of Woolworth Holdings.

And during that time, we've built up an enviable portfolio of famous and successful retail names.

For a start, there's the DIY leader B&Q. It has seen sales rise by 22% over the past year alone.

Comet, the out of town retailer, has out-performed all its major competitors in a difficult market.

The UK's leading drugstore, Superdrug, almost doubled its size in the past two years and increased its profits by more than 70%.

A leaner, fitter Woolworths success-

fully increased its profits to £50.2 million despite shedding 400,000 square feet of selling space.

	GROUP RESULTS		
	1989 £m	1988 £m	Increase
Turnover	2,660	2,172	22%
Profit before exceptional items	186.9	147.2	27%
Net dividend for year	10.5p	9.0p	17%
Earnings per share before exceptional items	30.8p	26.3p	17%

Chartwell Land, our property company has undergone a major transformation with development profits more than doubling to £15.6 million.

As a group, Kingfisher plc has successfully increased its profits before tax by 27%. And earnings per share are up again, by 17%.

So much for the past. What of the future?

We will continue to concentrate our resources in our key growth markets - home and leisure.

Our management team will continue its commitment to excellence and cost efficiency at every level.

And we will continue to offer the 20 million customers who pass through our doors every week value for money, excellent service and the widest possible choice.

Kingfisher may have only just begun its flight.

But we're convinced it's going to be a long and successful one.

KINGFISHER

UK COMPANY NEWS

Beazer up 30% despite £8m contracting loss

PRE-TAX PROFITS at Beazer, the international householder, building materials and contracting group, rose by 30 per cent to £54.5m in the six months to the end of December, in spite of an £8m loss on contracting.

Mr Brian Beazer, chairman and chief executive, blamed the losses at the UK contractor French Kier on difficult contracts and misjudgements over estimating construction costs, particularly for labour.

The contracting division had been reorganised. Mr Richard Allen, group managing director for contracting, who joined the Beazer board when it acquired French Kier in 1986, resigned in February.

Turnover during the six months, excluding sales from Koppers the US group acquired last June, rose from £579m to £777.3m. Koppers was treated

as an associate for the six months to the end of December.

Beazer has now bought out Shearson Lehman Hutton and National Westminster Bank, its partners in BNS the company which acquired Koppers. As a result Koppers, renamed Beazer Materials & Services, would be treated as a wholly-owned subsidiary from January 1.

The group had restructured its debt as a result of the deal, raising loans of \$2.3bn from international banks. It had also raised \$354m from the sale of Koppers' businesses.

Assuming full conversion of loan stock the group would show a debt/equity ratio of 1.12 to 1.

Mr Beazer said: "The group is now nine months into the current financial year, and turnover and profits are

substantially ahead of last year."

The housing market had become more difficult in some parts of the UK but conditions in the north remained good, said Mr Beazer.

Building materials sales, outside of the depressed market of Texas, remained good. Housing sales in the US were 50 per cent higher than at this stage last year.

European operating profits before interest, including UK housing and contracting operations, rose from £30.6m to £39.8m. US profits rose from £20.4m to £25.7m helped by the first full six months profits from Koppers.

Earnings per share, fully diluted, rose by 24 per cent to 11.23p (9.05p). The interim dividend of 2.45p (2.1) was increased by 17 per cent.

COMMENT

Yesterday's 15p fall in Beazer's share price is readily explainable - a worse-than-expected £8m loss at French Kier, and some obtuseness over the contribution from Koppers - but the market's view of the company remains deeply divided. At 199p the shares are on a prospective multiple of around 7½ which, taken independently, looks about right for both UK housebuilding and US building materials. Taken together the two parts make up a £2bn turnover empire, whose management systems may not yet be up to the job. It may also be asked whether gearing of 110 per cent does not deserve some kind of discount, and it is unsettling to hear that off-balance sheet expansion is still on the cards, this time through the medium of joint ventures. On the other hand



Mr Brian Beazer, chairman: conditions in north still good there are those who see Koppers as a master-stroke, and they could yet prove right. Beazer remains one of the riskiest and most interesting investments in its sector.

Molins upsets City as falling demand cuts profits to £6m

By Andrew Hill

A DOWNTURN in demand for cigarette-making machinery in developing countries hit profits at Molins in the year to December 31, cutting the share price by 12 per cent, and increasing the group's vulnerability to a bid.

Molins, which is also involved in the manufacture of security printing and packaging machinery, warned at the halfway stage that delays in signing a major contract to supply machines to China might hit profits.

In the event the fall - from £10.2m to £6m before tax - was far greater than the City had expected and the shares dropped 30p to 289p.

Turnover rose from £103.5m to £106.7m. Earnings per share fell from 21.9p to 6.9p, but the final dividend is maintained at 7.1p, making an unchanged 9.6p for the year.

In 1987, Foster Kemsley & Millbourn, the Brisley group's quoted UK subsidiary, bid 30p per share for Molins.

The bid lapsed following opposition from M & G, the investment manager which still holds an 18 per cent stake.

Sir Ron Brisley's Industrial Equity (Pacific) investment subsidiary has held a 29 per cent stake in Molins since then, but is thought unlikely to bid again.

Molins' problems in 1988 arose at its Southampton subsidiary, near High Wycombe, which accounts for about 60 per cent of tobacco machinery sales. As a result the group has brought forward rationalisation at the site.

Extraordinary provisions cut a further £7.5m from profits and the extraordinary charge was £3.5m.

Tax rose to 65 per cent (36 per cent) reflecting the impact of a higher advanced corporation tax charge on lower UK trading results.

These two factors led to an attributable loss of £4.7m, compared with a profit of £3.5m in

1987.

COMMENT

Molins' problems during 1988 prompted the group to throw in a few extra nastics that they had hoped to save until 1989, in particular the extraordinary provisions against restructuring at the Southampton site, which the group says will not be repeated this year. The experience could also persuade Molins to speed up its strategy of reducing dependency on the tobacco business. Mr Michael Wright, managing director, hopes it will contribute less than 25 per cent of sales within five years. There will be some improvement during 1989 and analysts' forecasts range from 25m to £10.5m before tax. The lower forecast, and a tax rate of just over 40 per cent, puts the shares on a prospective multiple of about 15. Sir Ron may be open to offers for IEF's stake, but on that basis it is difficult to know who would want it.

Royal Insurance reveals sharp cut in reinsurance protection

By Nick Bunker

A DRAMATIC fall in the amount of reinsurance protection being bought by the UK's Royal Insurance has been revealed in its 1988 annual report.

Last year Royal spent only £257.7m on buying reinsurance, which shields insurers against abnormally large build-ups of claims, 22 per cent less than the 1987 figure of £481.4m. In 1988, Royal spent £503.2m on reinsurance.

The figures are significant in showing the way that as property and liability insurance companies grow they feel able to carry more of their own risks, rather than lay them off with reinsurers such as Lloyd's.

Less of the non-communist world's estimated \$400bn (£236bn) of non-life insurance premiums is flowing into reinsurance, according to the turnover of reinsurance brokers. In 1988, Royal retained 90.2 per cent of its £3.55bn of premiums, paying away only 9.8 per cent to reinsurers, compared with a retention of 87.4 per cent in 1987.

Mr Roy Randall, Royal's head of corporate affairs, said the fact that reinsurance prices were weakening had "only a marginal effect" on the fall in its reinsurance costs.

He said the true explanation lay in changes in reinsurance buying at Royal US, and Royal International, covering territo-

ries including Australasia and continental Europe.

In these areas Royal is buying less "proportional" reinsurance, where the reinsurer takes a fixed percentage of the insurer's losses, and more "excess-of-loss" reinsurance, where the reinsurer pays claims in excess of a given amount.

In the UK, though, Royal bought more reinsurance in 1988, paying about £2m to enable it to recover £70m of weather-related household insurance losses, in the event of a catastrophe like the 1987 hurricane. When the hurricane hit, Royal had no reinsurance protection for this type of risk in the UK.

Amanda increases bid for Universal to \$698m

By Clay Harris

AMANDA Acquisition Corporation, a US company linked to Berisford International, the UK-based sugar processor, commodities trader and property investor, has raised its hostile takeover bid for Universal Foods Corporation, a Milwaukee-based food products group, to \$698m (£414m).

Charterhouse Bank, Berisford's financial adviser, said, however, that the revised terms of Amanda's bid - an increase in the cash offer from \$35 to \$38 a share - did not involve any increased financial exposure for Berisford itself.

Berisford's role in the bid has been questioned by Associated British Foods, the UK milling and baking group which owns 28.7 per cent of Berisford and once tried to

take it over. ABF tried in February to force Berisford to submit its involvement in the US deal to a vote of shareholders.

Berisford refused, and the Stock Exchange later determined that its total contribution to the bid was \$190m, or 24 per cent of Berisford's net assets, just short of the level at which shareholder approval would be required.

Amanda is a subsidiary of High Voltage Engineering, a US company in which Berisford, as a limited partner, has an interest of just less than 50 per cent.

Mr Harry Bailey, ABF's finance director, agreed that on available evidence, it appeared that Berisford's exposure had not been increased by Amanda's higher offer.

Bass adds to Coral chain with £19.2m acquisition

By Lisa Wood

BASS, the brewing and leisure group which owns Coral Bookmakers, Britain's third largest betting shop chain, is buying Leisure Bookmakers in a deal worth up to £19.2m.

Leisure Bookmakers, which is owned by Leading Leisure, the entertainment and property group, operates 76 betting shops and holds a further five licences. The business, mainly located in the south of England, made an operating profit before tax of £400,000 on turnover of £27.4m in the year to October 31 1988.

Coral, which operates 991 betting shops, denied that its decision to acquire Leisure had been provoked by the growing rationalisation in the industry. Recently Grand Metropolitan's Mecca Bookmakers acquired

follow bookmaker William Hill and created Britain's second largest betting shop chain after Ladbrokes, the market leader.

Under the terms of the acquisition Leading Leisure will retain as investment properties 19 freehold properties and one long leasehold property all currently occupied by Leisure.

Leading Leisure said that while it was its current intention to retain these properties, there was a put option prior to November 30 1989, in favour of Leisure to dispose of these to Coral.

The total consideration in this event would be £19.2m in cash. At present Leading Leisure will receive further amounts as leases are assigned and new licences are granted to Coral.

Gold Fields and Minorco react to Panel request

Consolidated Gold Fields, the UK diversified mining group, yesterday admitted that the Takeover Panel had asked it to clarify certain aspects of the "valuation" approach adopted in a letter to shareholders on March 9 about the £2.2bn bid from Minorco, writes Kenneth Gooding.

Minorco, the South African-controlled investment company, suggested this represented a significant step in the knuckles for Gold Fields.

However, Gold Fields, which made the clarification in another letter sent to shareholders on Wednesday, attempted to dismiss the situation as of little importance.

"The Takeover Panel has not ruled Gold Fields' overall offer to be either misleading or unacceptable," it stated.

Royal's Progress 2

"To maximise the non-life business we underwrite throughout the world compatible with the overriding requirement to produce a general insurance profit."

(Royal Insurance corporate objective)



Unstoppable Gilbert didn't stop us

Although Hurricane Gilbert cost £10m, Royal International's largest operations in the Netherlands and Australia produced increased profits, outperforming their markets for the second consecutive year. New operations were developed in Japan, Taiwan and Spain.



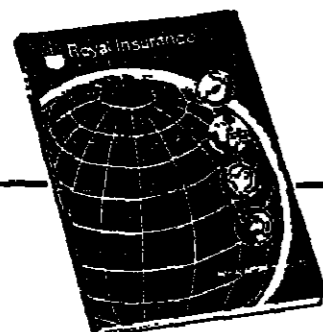
Record UK Profitability: 2m homes, 1m vehicles

Major steps were made to increase our share of profitable insurance markets, particularly the UK (where we insure over 2 million homes, 1 million vehicles and 250,000 businesses). Our innovative approach to home security incentives led to further significant business growth.



Progress in North America

Canada produced another strong performance, beating industry averages. In the USA, where profit opportunities were harder to find, we are eliminating segments of unprofitable business and building up relationships with key agents in areas with superior profit potential.



Annual Report 1988

For a fuller account of the progress made by Royal Insurance Holdings plc during the year, send for a copy of 1988's annual report.



Royal Insurance's annual report has been mailed to all shareholders, and is also available from Corporate Relations, Royal Insurance Holdings plc, 1 Cornhill, London EC3V 3QR.

Please send me a copy of Royal Insurance's annual report.

Name: _____

Address: _____

Postcode: _____

FT2

SBC resigns as Eagle broker

By Nikki Tak

SWISS BANK Corporation has resigned as stockbroker and merchant bank adviser to Eagle Trust, the one-time high-flying mini-conglomerate whose shares have never recovered from the 1987 crash. Charterhouse Bank is to take over as Eagle's new merchant bank advisers. The company says it is seeking a new stockbroker "with speed".

Yesterday SBC, which takes in the former Savory Millin stockbroking business, said that it had decided to resign after a "breakdown in communication" between themselves and the company. A spokesman for Eagle Trust, however, maintained that the group decided to switch advisers in the light of three departures from SBC. These, it said, had been its principal points of contact at the bank.

Elaborating on its own account of the split, SBC commented, "The sort of dialogue

which should take place between advisers and a company was not taking place. We were receiving things in the press which gave us considerable disquiet." SBC said that it did not know whether the advice had any veracity since the company had not discussed them with SBC.

In the light of this failure to invite the advisers "into the inner sanctum", SBC said it felt it should step down.

The former advisers did, however, concede that the problem had been exacerbated by the staff departures. These involved three individuals on the corporate finance, sales and research sides, who have left the group in recent months. SBC added that Eagle Trust had not refused to discuss matters, but that meetings never seemed to crystallise.

Eagle Trust, however, maintained that any breakdown in

communication was due to these departures. Mr John Faraday, the company's new chairman and chief executive, was not available for comment.

Eagle Trust was formed by a complex three-way merger between Mitchell Somers, a Midland-based engineering group, the former loss-making American Holdings, and an unquoted company called Midland City Partnership, two years ago. The shares powered to over 50p in July, but slumped to just 10.25p in late 1988. They were 0.25p lower at 14.25p yesterday.

Mr Leslie Thomas, the former non-executive chairman of Mitchell Somers became non-executive chairman of Eagle after the merger but resigned in October. Since then, he has been publicly critical of Eagle's financial controls, although Mr Faraday has strongly rejected the allegations.



AECI Limited

Reg No. (04/02590/06)
(Incorporated in the Republic of South Africa)

Notice to Preference Shareholders
Dividend No 102

Notice is hereby given that on 10 March 1989 the directors of AECI Limited declared a dividend at the rate of 5.5 per cent per annum for the six months ending 15 June 1988 payable on the date in holders of preference shares registered in the books of the Company at the close of business on 21 April 1989.

The dividend is declared in United Kingdom currency and cheques in payment will be posted from the offices of the transfer secretaries in South Africa and the United Kingdom on 15 June 1989.

Dividends payable from Johannesburg will be paid in South African currency at the rate of exchange ruling on 15 May 1989.

In respect of shareholders whose addresses in the share register are outside the republic of South Africa, the dividend is subject to the deduction of non-resident shareholders' tax in terms of South African law.

Dividends payable from the United Kingdom office will be subject to such tax deductions as are prescribed by United Kingdom legislation unless a certificate exempting the shareholder concerned from such tax deduction is received before the closing of the registers.

Any change of address or dividend instruction must be received before the closing of the registers.

The transfer books and registers of members in Johannesburg and the United Kingdom will be closed from 22 April 1989 to 5 May 1989, both days inclusive.

Carlton Centre
Johannesburg

31st March 1989

Transfer secretaries:
Consolidated Share Registrars Limited
40 Commissioner Street, Johannesburg, and
Hill Samuel Registrars Limited
6 Greenock Place
London SW1P 1PL, England

By order of the Board:
M J F POTGIETER
Secretary

UK COMPANY NEWS

**Good growth in most divisions despite restructuring costs
Senior Engineering up to £13.6m**

By John Thornhill

SENIOR ENGINEERING Group yesterday announced a 47 per cent increase in pre-tax profits from £9.2m to £13.6m in the year to December 31.

Turnover rose by 44 per cent to £206.2m (£142.2m) and after tax of £4.1m (£2.7m) earnings per share grew by 20 per cent to 6.27p (5.22p). A final dividend of 1.9p has been proposed, making 2.9p (2.2p) for the year.

Extraordinary losses of £2.7m were incurred during the year, including a £1.6m cost resulting from restructuring of the UK mining equipment division and a £2.1m loss from the sale of the Penn Machine Company in November. After these charges and dividend payments totalling £3.8m (£3.1m), retained profit for the year was down to £1.5m from the previous year's £3.3m.

Senior made several acquisitions during the year, including

ing Moduel, Durham Tube, Foster Wheeler Power Products, and TI Flexible Tubes, although their contribution to profits was not stated.

For the first time, the company broke down its turnover and profit by division: construction services made pre-tax profits of £1.7m (£2.05m) on turnover of £34.9m (£22.6m); engineering products £3.4m (£3.07m) on £34.4 (£28.9); heat treatment £1.9m (£1.57m) on £11.6m (£10.4m); mining equipment £2.54m (£1.84m) on £24.4m (£20.1m); thermal engineering £4.51m (£3.07m) on £86.9m (£52.4m); and Australasia £787,000 (£571,000) on £5.4m (£4.4m).

The fall in profits in the construction services division was attributed to provisions made against two contracts and continuing problems at its Senior Colman subsidiary.

Professor Roland Smith,

chairman, said that Senior was developing an engineering group based on serving specific markets but broadly-based enough not to be reliant on narrow trade cycles.

Since the year end, Senior has acquired Guthrie Adams (Heat Treatment) and Premier Tubes, which will be run in association with Senior's other steel tube companies. Further, more substantial acquisitions are planned in the UK and on the continent, the chairman said.



COMMENT
Senior's reticence in providing a profits breakdown has finally been overcome, giving a clearer picture of the anatomy of the company. That picture shows that Senior is enjoying good growth in most of its divisions with impressive increases in sales, boosted by acquisitions, and steady gains in margins. The construction services division is the one major exception to the trend but the company claims the fall in profits is a temporary blip which will be overcome this year. The thermal engineering division has also seen a fall in margins but this is mainly due to the time it has taken to reap the full benefits from the Foster Wheeler Power Products acquisition. The increasing margins in the

Enlarged Weir 47% higher at £19.1m

By Vanessa Houlder

BUOYANT MARKET conditions and an exceptional £1.4m profit from a land sale helped Weir Group, the Glasgow-based engineering company, to increase its 1988 profits by 47 per cent to £19.1m from £13.1m.

Acquisitions accounted for about a quarter of the 43 per cent growth in operating profits to £17m. Turnover increased by 25 per cent to £171.4m (£137.2m).

The company reported an "exceptionally good" level of new orders, at £210m, in 1988. These were well spread across its main product and geographical markets. In 1989, some increase is expected in its exports, which account for about 60 per cent of orders.

Engineering products increased profits by 23 per cent to £8.2m (£6.7m) while engineering services improved profits by 58 per cent to £9.2m (£5.8m). The company's sole remaining loss-maker, the Westgarth desalination plant, is expected to move back into profit this year following its merger with Liquid Gas Equipment, which was acquired last year.

Interest income fell from £1.1m to £892,000. Weir's cash balance of £17.4m was boosted this week by the £7m proceeds

from the sale of its Howden stake, on which it made a profit of £2.5m. The change in accounting rules on pensions is expected to result in a 51m charge this year.

Earnings per share including exceptional items rose from 17.5p to 28.8p. A final dividend of 4.75p makes a total of 7p (4.5p).

COMMENT
Yesterday's robust results gave Weir an opportunity to scotch the common perception that it is skewed towards power generation. Its check-full order book is evenly spread between the power, marine, oil, water and industrial sectors, giving it a relatively secure base over the next few years - even if one or more business begin to falter. Indeed, economic uncertainty is not all bad news for Weir, as it might bring down the cost of acquisitions, allowing its cash pile to come into its own. All this helps explain Weir's premium rating of 11 - based on a pre-tax profits forecast of £21.5m, a tax charge of 22 per cent and a share price up 2p at 315p. That rating looks justified but in the short term there is likely to be better value elsewhere in the engineering sector.

Macfarlane advances 31% to a record £7.3m

ALL FOUR of its divisions contributed to the record pre-tax profits of £7.3m announced by Macfarlane Group (Clansman). Glasgow-based packaging and printing group, for the year to December 31. That figure was 31 per cent up on the previous £5.58m.

The proposed final dividend is lifted to 2.6p (2.05p) for a total of 4.35p (3.31p). Earnings were 14.3p (12.3p) after tax of £2.6m (£1.7m).

Turnover advanced 27 per cent to £25.4m (£20.1m) and the chairman said that progress had continued in 1989 with sales and profits ahead of this time last year.

Order books remained

healthy and the group was continuing to pursue suitable investment opportunities to contribute to further earnings growth, he said.

Manufacturing facilities were streamlined in the packaging division by amalgamating four businesses, resulting in one large company, Clansman Cases. The group intended to strengthen its packaging distribution in the UK and to extend it into Europe by acquiring additional facilities.

There was an exceptional charge of £56,000 (nil). An extraordinary £87,000 (nil) debit comprised disposal, closure and reorganisation costs.

COMMENT
Senior's reticence in providing a profits breakdown has finally been overcome, giving a clearer picture of the anatomy of the company. That picture shows that Senior is enjoying good growth in most of its divisions with impressive increases in sales, boosted by acquisitions, and steady gains in margins. The construction services division is the one major exception to the trend but the company claims the fall in profits is a temporary blip which will be overcome this year. The thermal engineering division has also seen a fall in margins but this is mainly due to the time it has taken to reap the full benefits from the Foster Wheeler Power Products acquisition. The increasing margins in the

Plaxton disposal
Plaxton is to sell Kirby Trucks to Sherwood Holdings for some £1.35m cash. The price is in excess of book value.

Consumer spending boost helps Brooks top £2m

BROOKS SERVICE Group, the retail dry cleaning and linen supply company, yesterday reported taxable profits 26 per cent higher in 1988 at £2.05m. Turnover rose from £14.9m to £19.4m.

Mr Simon Brooks, chairman, said that the textile rental operations showed a year-on-year profit increase of 35 per cent, reflecting higher consumer spending in restaurants and hotels. The workwear side achieved higher margins.

However, margins in the

retail business were reduced after the acquisition of eight more branches - although established shops showed significant profits increases over the year, he stated.

The group has also expanded into the security business through the purchase of Focus, a Bristol-based closed circuit television company. Maximum consideration is £205,000.

Earnings per share were 14.1p (11.2p). The recommended final dividend of 3.6p gives a total of 5p (4.2p) for the year.

The Taylor Woodrow team has pulled successfully together for nearly seventy years. Continued profit growth, year after year, has come from real in-depth strength in each of our core businesses. We have become a leading property company with a balanced international portfolio covering all sectors and providing a growing stream of profits. In house building, Taylor Woodrow has successful and expanding operations in the U.K., U.S.A., Canada, Australia and Spain. And as one of Britain's leading construction groups we design, manage and build a wide range of projects including some of the world's most demanding contracts. Added to all this is our growing strength in minerals and trading. The key to our success lies in teamwork, a balance of businesses and depth of skills and experience. There's a lot more strength behind our famous logo than meets the eye.

Corporate Estates strongly ahead at £3.5m

Corporate Estates Properties, enlarged in January via a merger with the Marylebone Estates Company returned profits of £3.5m pre-tax for the 1988 year.

That compares with 1987's £205,085 and with the forecast of not less than £3.25m made at the time of the merger. As a result of the merger the group has gross assets in excess of £70m and net assets of more than £27m, equal to 75p per share.

The year saw turnover accelerate from £5.4m to £29.1m. Basic earnings worked through at 6.84p (2.07p) and fully diluted at 6.61p (1.93p). The final dividend is the forecast 1.75p which raises the total from 0.75p to 3p. The company's shares are traded on the USM.

Net assets rise at Murray Ventures

Net asset value of Murray Ventures, investment trust, stood at 395.2p at January 31 compared with 316.5p a year earlier. Net revenue for the six months to end-January rose from £789,000 to £859,000 after tax of £299,564 against £279,779.

The interim dividend is raised to 2.5p (2.15p), with earnings ahead from 3.41p to 4.12p.

Murray was one of the first companies to provide finance for management buy-outs, which had proved very profitable, directors said.

Since 1984 profits of £15.3m had been realised from such investments in addition to £5.2m profits from other unlisted investments. A further £4.1m investment in this area was planned.

DC Gardner 73% up at £1m

DC Gardner Group, the USM-quoted company which provides consulting and training services for banks, achieved a 73 per cent jump in pre-tax profits in 1988.

The £1.05m result, compared with £60,000 and was struck on turnover more than doubled at £6.09m (£2.93m). After increased tax of £276,000 (£229,000), earnings per share were boosted to 11.4p (6.7p). The directors have recommended payment of a 2.2p

final dividend as forecast, making a total of 3.9p for the year.

With the group's field of operation remaining buoyant, the directors expected growth to continue and they were cautiously confident for the future. On the international front in 1988, the Australian subsidiary incurred a loss but there were favourable signs of improvement, suggesting a profitable result in 1989. The US and Dutch results were in line with expectations.

Food Industries expands to £6m

Boosted by acquisitions, Food Industries, formerly Merchants' Warehousing, achieved pre-tax profits of £6.1m (£5.1m) on turnover of £97.4m in 1988. Last full year profits and sales of Merchants' Warehousing amounted to £361,000 and £3.2m respectively.

The results of the Dublin-based conditional and dry storage group reflected full year contributions from Drummonds Minch Norton, and Bellisboro Foods. Results of the Laird Group are included for six months, and of Belle Foods as a 50 per cent associate for

seven months and as a wholly-owned subsidiary for five months.

A final dividend of 2.7p (1.1) is proposed for a total of 4p (2p), payable from earnings of 16.05p (3.42p).

An extraordinary credit of £265,000 (£155,000 debit) related to the disposal of the company's investment in Tara Meats, and property sales.

Directors said that with the core operations firmly in place future growth would come from expansion of existing operations and through acquisitions.

Correction Prospective Group

The Financial Times incorrectly reported yesterday that Prospective Group had incurred an extraordinary debit of £451,000 in the six

months to January 31 1989. There was no extraordinary debit in this period. A £451,000 extraordinary debit was incurred in the previous corresponding period.

U.S. \$400,000,000
BankAmerica Corporation
Floating Rate Subordinated Capital Notes Due 1996
(originally issued by)
BankAmerica Overseas Finance Corporation N.V.

Interest Rate 10.625% per annum
Interest Payment Date 30th June 1989
Interest Amount per U.S. \$50,000 Note U.S. \$1,242.88

Credit Suisse First Boston Limited
Agent Bank

U.S. \$500,000,000
CITICORP
Subordinated Floating Rate Notes Due January 30, 1998
Notice is hereby given that the Rate of Interest has been fixed at 10.325% and that the interest payable on the relevant Interest Payment Date April 28, 1989 against Coupon No. 39 in respect of US\$10,000 nominal of the Notes will be US\$80.31.
March 31, 1989, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

U.S. \$500,000,000
CITICORP
Subordinated Floating Rate Notes
Due October 25, 2005
Notice is hereby given that the Rate of Interest has been fixed at 10.35% and that the interest payable on the relevant Interest Payment Date April 28, 1989 against Coupon No. 42 in respect of US\$10,000 nominal of the Notes will be US\$80.50.
March 31, 1989, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

U.S. \$850,000,000
CITICORP
Subordinated Floating Rate Notes Due November 27, 2035
Notice is hereby given that the Rate of Interest has been fixed at 10.35% in respect of the Original Notes and 10.4375% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date April 28, 1989 against Coupon No. 41 in respect of US\$10,000 nominal of the Notes will be US\$80.50 in respect of the Original Notes and US\$81.18 in respect of the Enhancement Notes.
March 31, 1989, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

More strength than meets the eye



THE TEAM ON THE MOVE

Taylor Woodrow Group, 345 Ruislip Road, Southall, Middlesex UB1 2QX

Supporting Free Enterprise

This information, for which the Directors of Taylor Woodrow plc are solely responsible, has been approved by Touche Ross & Co., who are authorized to carry out Investment Business by the Institute of Chartered Accountants in England and Wales.

UK COMPANY NEWS

More O'Ferrall surges to £9.52m

By Clay Harris

MORE O'FERRALL, the outdoor poster contractor which includes Adshel, the dominant force in UK bus shelter advertising, increased pre-tax profits by 34 per cent to £9.52m in 1988.

Aided by a slightly lower tax charge, earnings per share rose by 36 per cent to 25.5p (18.8p). A final dividend of 7.5p (5.4p) raises the total by 38 per cent to 10p (7.2p).

The pre-tax advance from £7.12m came on turnover ahead by 16 per cent to £44.5m (£33.3m). At the operating level, margins improved from 20 per cent to 23.3 per cent.

Mr Russell Gore-Andrews, chairman, said this reflected greater marketing efforts and strict controls on overheads. Capital expenditure more

than doubled to £11m last year, 1988, and similar investment is planned in 1989.

By the year-end, the group intends to have doubled to 60 per cent the proportion of Adshel sites which have been converted to Superlites, back-illuminated panels which command a rate premium of up to 100 per cent.

As a result of last year's spending, net interest payable rose to £239,000 (£234,000), and gearing jumped from 28 per cent to 75 per cent. Mr Trevor Maund, finance director, said gearing was unlikely to breach the 100 per cent level in 1989.

The UK accounted for 84 per cent of operating profit, France and Belgium for 14 per cent and Ireland for 3 per cent. The total comes back to 100 per cent taking account of losses

from the group's start-up operation in Taiwan.

Coast-United, which owns 21,000 benches at Californian bus stops, is unlikely in 1989 to do more than cover the costs of financing last year's \$5.5m (£3.24m) acquisition.

COMMENT

Through a swap of sites with privately owned Arthur Maiden, More O'Ferrall has increased its specialist emphasis on bus shelters at one end of the market and on "super-sites" at the other. The latter panels are at least 50 per cent larger than, and sometimes double the size of, the standard 20 ft wide by 10 ft high billboard poster. This leaves Maiden and MAI's Mills & Allen subsidiary to sing it out in the middle ground, although

they too are benefiting from the move towards added-value in the sale of poster space, and it is not clear how much real competition there is among contractors these days. More O'Ferrall, in any case, is the only pure play in outdoor advertising, and no one else knows the business better. The Superlite experiment bears this out. The premium rate card has been successfully defended against discounting, and the pay-back period for conversion costs appears to be considerably less than two years. Assuming pre-tax profits of £12.5m, the prospective p/e is just over 11. More O'Ferrall is unlikely to repeat the past year's 60 per cent out-performance of the market, but it should continue to gain ground.

Lambert Howarth hit by surge in imports

By Alice Rawsthorn

LAMBERT HOWARTH, the footwear and luggage group, fell from a pre-tax profit of £2.12m into a loss of £318,000 in 1988 because of the intensely competitive conditions in the UK footwear market.

In the last year Lambert, like the rest of the UK shoe industry, has been hit by a sharp surge of imports from the Far East. The chief culprit is the strength of the pound. This influx has imposed pressure on output and profitability.

The problem of increasing imports was exacerbated by difficulties in launching the new Blitz range of sports shoes. The group has had to write down significant stocks due to these difficulties.

Mr Martin Jordan, non-executive chairman, said he was confident that the group's problems were over. "There may be some further 'minor reorganisations' but nothing like the trauma of last year", he said.

Turnover rose to £44.32m (£41.97m), but operating profits fell to £199,000 (£3.34m). The cost of footwear reductions and expenses associated with the resignation of Mr Alan Jordan, the chief executive who left last autumn, were expressed as an exceptional item of £275,000.

Losses per share worked through at 5.5p against earnings of 37.4p. The proposed final dividend of 9p leaves the total unchanged at 42p.

The group was last year forced to cut costs at its footwear factories in Lancashire and the Isle of Man. It also closed a factory in Haccup, Lancashire and has reduced its workforce by about 100 people. Mr Jordan said there had been no real improvement in the footwear market since the start of the new financial year, but the factories were now trading profitably.

Lambert encountered problems with Blitz sports shoes sourced in south-east Asia. The quantity ordered was too high and the quality inadequate. Mr Jordan said this had been well received by the marketing and sales staff, but the shoes were not profitable.

Two years ago Lambert diversified into luggage, by buying Custom Synthesis, which includes the Custom and Glastonbury brands. Sales have been good, but the cyclicality of the footwear market, but Custom has suffered from intense pressure on margins in the luggage market.

CREST NICHOLSON PLC

RESULTS FOR THE YEAR ENDED 31 OCTOBER 1988

Profit before tax was a record £36M - up 50% on 1987

Turnover increased to £268M - up 20% on 1987

Earnings per share increased to 25.62p - up 30% on 1987

Total dividend increased to 7.15p - up 25% on 1987

Shareholders' funds £140M - net borrowings £12M - Gearing 8%

David Donne, Chairman, commented:

"This year has been one of significant progress for Crest Nicholson with a major increase in profit. In addition, the strategy of concentrating on proven areas of expertise - residential property development, commercial property development and construction - has been pursued with vigour. We are confident that the new balance achieved by the concentration of our activities ensures that we can look forward to another successful year."

Copies of the 1988 Annual Report and Accounts can be obtained from The Secretary at Crest Nicholson Plc, Crest House, Station Road, Egham, Surrey TW20 9NP.

Fred. Cooper moves ahead 46% to £4.5m

By Richard Tomkins, Midlands Correspondent

POOR PROFITS from a big acquisition badly dented earnings in the year ended at Frederick Cooper, the Birmingham-based industrial conglomerate, in the half-year to January 31.

Pre-tax profits for the group were nearly 48 per cent from £2.08m to £4.5m, but fully diluted earnings per share rose by only 5.1 per cent to 8.2p (7.8p).

Cooper's often-repeated objective is to achieve earnings per share growth that ranks the group in the upper quartile of all London-quoted companies. But Mr Eddie Kirk, chairman, said yesterday: "We are going to miss our objective this year."

Mr Kirk blamed poor profits from Lorlin Electronics, the

USM-quoted manufacturer of electrical switches and connectors bought for £15.1m in convertible preference shares last year. He claimed that the company had turned out to be operating at only half the previously reported level of profitability and said writes had been issued on its former auditors and directors.

"But Lorlin is responding very well to treatment and I believe it will eventually become one of the star performers of the group," he maintained.

The latest results also include a first-time contribution from another large acquisition - Gibbons of Willehall, the lockmaker, also bought for convertible stock last year.

Mr Kirk said that underlying

profits growth in the rest of the group was nevertheless a highly satisfactory 27 per cent.

Turnover was up from £24.8m to £32.6m and Mr Kirk said the outstanding order book of £16m was at an all-time high.

The dividend is lifted by 23 per cent to 1.85p (1.1p).

Spending on tooling and equipment came to £1.5m in the first half and this should result in several product launches in the second - though some are running behind schedule because of a backlog of work among toolmakers.

COMMENT

Frederick Cooper's poor earnings per share figure is a grim reminder that a gulf yawns

between commitment to high eps growth and its achievement. The shares, however, do not seem to have taken the message to heart: at yesterday's 179p, a likely 9.4m pre-tax this year (meaning 10 per cent growth in eps) leaves them looking unattractive on a p/e multiple of over 10. Probably this reflects confidence in the quality of the management and Mr Kirk's achievements at the company in the three years since he joined. However, justifiable that may be - and it is probably quite a bit - the group's vulnerability to a downturn in consumer demand for electrical products and window and door fittings does not suggest that the fight back to high earnings per share growth will be an easy one.

All-round sales growth helps Jeyes advance

Jeyes Group, the health and hygiene products manufacturer which joined the USM last October, lifted pre-tax profits from £1.21m to £1.58m in 1988 on turnover ahead 24 per cent at £36.23m.

The directors said that 40 per cent of sales growth came from expansion of core products, 25 per cent from new products - Parozone, Bleach, Block and Molests toilet cleaners - launched during the year - and 35 per cent from acquired businesses.

UK sales rose by some 20 per cent with household names such as Jeyes Fluid, Parozone, Bloe and Ibol all achieving record sales. Exports expanded 35 per cent and test markets have been established in a number of overseas countries.

Earnings per 5p share worked through at 15.8p (13.8p) and, as forecast in the prospectus, a final dividend of 0.9p is recommended.

Fleming Investment high income trust launched

By Heather Farnbrough

FLEMING INVESTMENT Trust Management, a subsidiary of Robert Fleming, the merchant bank, is offering its first high income investment trust to the public today. If fully subscribed at the offer price, the Fleming High Income Investment Trust will be capitalised at £25m.

The trust is offering 25m ordinary shares at 100p with warrants attached on a one-for-five basis. These confer the right to subscribe for one ordinary share at 100p on August 1 between 1989 and 1990.

The trust will be one of the highest yielding on the market, with a forecast yield of 7 per

Town Centre Securities achieves £2m

Town Centre Securities, the property investor and developer, pushed pre-tax profits ahead by £64,000 to £2.03m in the six months to December 31.

The 1988 profit figure includes property dealing profits of £135,000 (nil). Gross rental and investment income amounted to £2.6m, up from £4.51m, while group revenue before interest charges was up from £3.26m to £4.05m. Tax rose to £230,000 (£228,000), leaving earnings up at 1.85p (1.17p) per share. The directors have declared an increased interim dividend of 0.6p (0.5p).

The company said that profits generated by the investment properties should continue to grow steadily.

Splash abandons fight

By David Waller

Splash Products, the T-shirt company and character merchandiser, has abandoned its fight to stay independent of Astra Trust and has advised shareholders to accept Astra's £14m share-only bid.

Following discussions last week, those directors of Splash who had not already backed Astra - following the defection of two board members early on in the bid - decided to accept the offer in respect of their holdings representing 25.3 per cent of Splash shares.

Their change of heart took Astra well beyond the 50 per cent mark and the bid has thus been declared unconditional as to acceptances. Mr Robert Balfinger, Splash's existing chairman, and his boardroom colleagues will be staying on to run the business.

Astra, an engineering, property and financial services group, run by the ambitious 29-year old Mr Theo Pappas, won shareholder approval for a capital reconstruction and a change of name to AT Trust.

Celestion near £2m in the red at nine months

Celestion Industries, the clothing and homeware manufacturer which was the subject of a management buy-in last October and changed its year end, has reported for the nine month period to December 31 last.

The significant loss anticipated turned out to be £1.95m at the pre-tax level, compared with a profit of £70,000 for the twelve months to April 7 1988. But the figures do show a modest improvement on the interim loss of £2.1m.

Turnover for the period was £30.44m, with £22.19m coming from the clothing division and £8.25m from the audio side. Clothing, however, showed a trading loss of £1.18m compared with a £238,000 profit on audio. Exceptional items of £1.02m arrived at before the pre-tax loss included £200,000 of stock provisions following substantial rationalisation and re-organisation of the clothing division.

Meantime the dividend is held with a payment of 0.75p for the nine months period; the net loss per share was 7.4p.

Prestwich sale to Lanca

PRESTWICH Holdings has further reduced its character merchandising business with the sale of Hayjax Manufacturing to Lanca, the importer of handbags and clothes, for up to £238,000, writes Andrew Hill.

Lanca already holds licences, through its Frankel & Roth subsidiary, to reproduce fictional characters on shoes, bags and clothing.

The deal with Prestwich should expand this range of merchandise to include towels, duvet covers and bed linen. Hayjax holds licences for characters such as Mickey Mouse, Bambi, Winnie the Pooh and Thomas the Tank Engine.

In January, Prestwich sold for £2m Mobile, its T-shirt printing and character merchandising subsidiary, to Splash Products.

Prestwich aims to concentrate on its core video cassette and compact disc business.

In the year to June 30 1988, Hayjax made pre-tax losses of £26,432 on turnover of £2.92m. Lanca will make one half of the £238,000 payment for the company in a year and the other in two years' time.

TOTAL

TOTAL COMPAGNIE FRANÇAISE DES PÉTROLES

Financial Results of the Parent Company for the year 1988

At its meeting on 29 March 1989, the Board of Directors reviewed the financial statements of TOTAL COMPAGNIE FRANÇAISE DES PÉTROLES, the parent company, for the year 1988 (in millions of francs, MF):

1. Net profit amounted to 1,022 MF against 1,522 MF in 1987. Dividends received from subsidiaries were 1,672 MF (including 1,053 MF from production subsidiaries); compared with 1,753 MF the previous year (including 1,306 MF from production subsidiaries).
2. The net total of provisions for depreciation, relating mainly to subsidiaries engaged in petroleum and mineral activities, was 669 MF against a net write-back of 46 MF in 1987. This significant write-back in 1987, principally due to the disposal of the Italian refining and marketing subsidiary, in fact resulted in an exceptional profit that year of the order of 1,100 MF.
3. At the Annual General Meeting, the Board will recommend the distribution of a dividend of 20 francs per share for 1987, to which would be added a tax credit of 10 F. The total dividend will therefore amount to 30 F. The total dividend will therefore amount to 727 MF.
4. The consolidated financial results of the Group will be reviewed by the Board at its meeting on 20 April. An estimate based on currently available data puts the consolidated profit at approximately 2 billion francs. After deduction of minority interests, the Group's share of the profit should be of the order of 1.5 billion francs.

As a result of the fall in crude oil prices in 1988, there was a reversal of stockholding movements; these showed a loss of 0.6 billion francs as opposed to a gain of 0.2 billion francs in 1987. Excluding these stockholding movements, the Group's consolidated result will therefore amount to approximately 2.6 billion francs, which is twice as high as the previous year's figure.

	88	87	
▲ Pre tax profits	7.3m	2.6m	204%
▲ Dividend	4p	1.25p	220%
▲ EPS - ordinary activities	10.80p	4.65p	132%
▲ Rental income - Gross	9.8m	6.1m	61%
▲ Net assets	41.5m	31.8m	30%
▲ Turnover	62.6m	20.1m	210%

"I am pleased to report that the company has had a very profitable and successful year. Yet again BHH has demonstrated its ability to employ timing and vision by the disposal of its house building companies and promotion of the industrial property sector."

David Fitzgerald Executive Chairman



BHH Group plc Newstead House Alderfat Drive TRENTHAM Stoke on Trent ST4 8XB Telephone 0782 644222



Gestetner Holdings PLC

At the Company's Annual General Meeting on 30th March 1989, a final cash dividend of 4.5p per share in respect of the 53 weeks ended 5th November 1988 was approved for payment, on 4th April 1989 to holders of Ordinary shares registered at the close of business on 10th February 1989.

Holders of Ordinary shares in bearer form should lodge Coupon 127 at Barclays Bank PLC, Securities Services Department, 54 Lombard Street, London, EC3P 3AH on or after 4th April 1989 for their entitlement to the above dividend.

Holders of Ordinary Capital shares are reminded that, whilst they have no entitlement to a cash dividend at this time, they are entitled to scrip in lieu of the final dividend for the 53 weeks ended 5th November 1988. Such entitlement, based upon each Ordinary Capital share registered at close of business on 10th February 1989, is as follows:

based on the average price of	219.588235p
for each Ordinary Capital share held, holders will receive	0.0273239 of an Ordinary Capital share

Fractions of new shares will be sold for the benefit of the Company Scrip, allotted on 31st March 1989, will be despatched to registered shareholders on 3rd April 1989.

Holders of Ordinary Capital shares in bearer form should lodge Coupon 127, with allotment instructions, at Barclays Bank PLC, Securities Services Department, 54 Lombard Street, London EC3P 3AH on or after 3rd April 1989 for their entitlement to registered Ordinary Capital shares in accordance with the above.

210 Euston Road London NW1 2DA 31st March 1989

R.L.E. Lewis Company Secretary

Amberley to join USM

By Vanessa Houlder

Amberley Holdings, a European building preservation specialist, is coming to the USM through a placing which will value it at about £2.5m.

Brown Shipley Stockbroking is placing 2.2m ordinary shares at 57p each to raise £1.25m. Dealings are expected to start on April 6.

The group provides damp proofing services to the domestic market and local authorities. The company, which was formed from the buy-out of the France-based Murprotec in 1983, has branches in France, Belgium and the Netherlands.

A profit of at least £545,000 is forecast for the year to March 1989, which points to a p/e of 10.5 at the issue price.

NOTICE OF RESIGNATION AND APPOINTMENT

The Kingdom of Thailand
U.S.\$60,000,000
Floating Rate Notes due 2005

Electricity Generating Authority of Thailand
U.S.\$195,000,000
Floating Rate Notes due 2005

Petroleum Authority of Thailand
U.S.\$145,000,000
Floating Rate Notes due 2005

Notice is hereby given that Lloyds Merchant Bank Limited has resigned as Reference Agent with effect from the date hereof. Lloyds Bank Plc at Farnham House, 25 Monument Street, London EC3R 8BQ has been appointed successor Reference Agent.

Reference Agent: **Lloyds Bank**

London 31 March 1989

Banco Nacional do Desenvolvimento Economico

U.S.\$50,000,000
Floating Rate Notes 1989

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FINANCIAL TIMES SURVEY

Though the area has become a focal point for institutional investors, much of the development has been undertaken by local concerns.

The market has been driven by internal factors rather than outside influences, write Paul Cheeseright and Ian Hamilton Fazey

Quite tasty, in parts

MANCHESTER is enjoying a considerable economic revival. Surveys by the regional chamber of commerce show that business confidence has been rising high for the last three years, in spite of continuing worries about skill shortages and high interest rates.

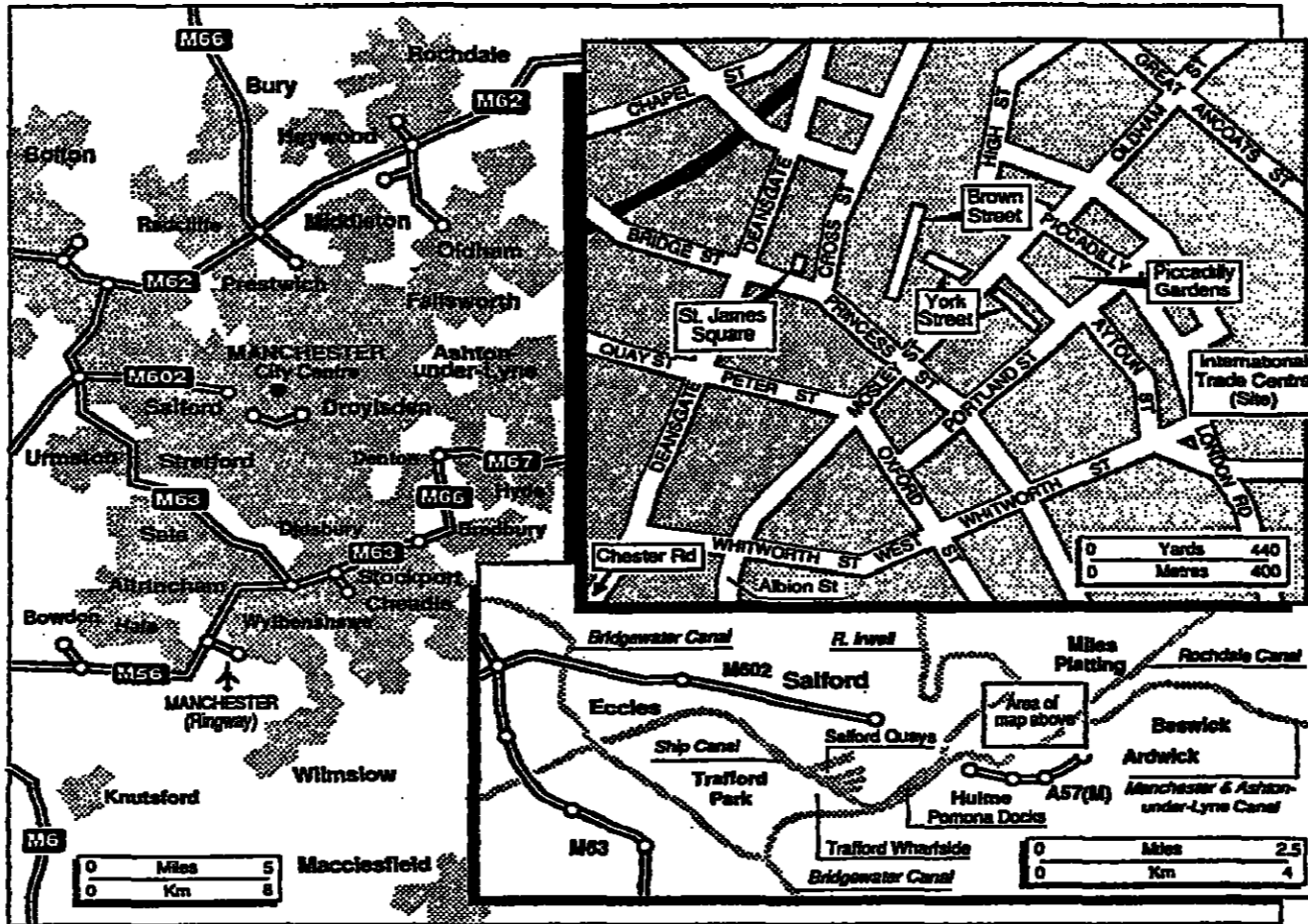
The effect on the property market, though, is still something of a double-edged sword, with some areas very much more buoyant than others. A look at the unemployment figures helps explain why. There were 115,286 people on the register last December, or 10.2 per cent of people of working age. These are still high figures, but they are encouraging because in July they were 120,226 and 11.5 per cent respectively.

The figures also disguise some wide variations within the conurbation of 10 boroughs and 2.5m people. For example, older industrial areas such as Bolton, Bury, Oldham and Rochdale - in the north and east of the urban sprawl - all have unemployment rates over 10 per cent. However, things get better towards the south, with the Manchester travel-to-work area itself down to 9.7 per cent and the Macclesfield area of east Cheshire reporting an unemployment rate of only 4.3 per cent.

Property prices reflect this pattern, rising towards the south. Indeed, towns like Wilmslow, on the fringe of the conurbation in the Cheshire countryside, have enjoyed much higher levels of office rentals for most of the 1980s. Proximity to Manchester Airport and the national motorway network are principal reasons, coupled with a generally green, arboricultural pleasantness.

Looks, feel and affluence extend widely across the southern swathe of Greater Manchester, in a rough triangle founded on Stockport to the east, Altrincham to the west and Macclesfield to the south. This is stockbroker-belt Manchester on the residential front, sunrise industry in employment terms. High technology companies such as Simon Engineering, Ferranti, ICI Pharmaceuticals and Ciba-Geigy are strong. A proliferating network of smaller business supply and service firms and others.

The northern areas of the conurbation are reviving but more slowly. Of greater strategic significance, however, is what is happening in the centre. Trafford Park Urban Development Corporation has brought a renewed confidence



The Refuge Assurance Building in Oxford Street, Manchester, recently acquired by Skilton Holdings (see page 3)

PROPERTY in MANCHESTER

into Europe's oldest industrial estate - a 2,000-acre vastness situated largely between the historic Bridgewater and Manchester Ship Canals, but also bounded by the city centre and the newly-widened M63 motorway.

Investment and reinvestment by larger companies in Trafford Park are now running at hundreds of millions of pounds. Cerestar, the Italian-owned food refining group, has even taken advantage of the newly-guaranteed long-term navigability of the Ship Canal's upper reaches to expand its ship-supplied plant.

Not that Manchester Docks will be resuming their former bustle as far as ocean-going container ships are concerned. The main docks have now been converted into Salford Quays, a complete village of residential and leisure developments, by Urban Waterside, the first private sector development corporation in Britain. Commercial property around the old docks and the ship canal has been a market of its own since the early 1980s, thanks to the designation of two enterprise zones, one on each side of the

canal. The two-tier market this created now appears less of a distortion, however, because other parts of Greater Manchester have been recovering economically.

Growth and general recovery have helped fuel the continuing emergence of Manchester's financial and professional community, now a job-creating, self-sufficient industry of banks, merchant banks, finance houses, entrepreneurial solicitors, accountants, insurance brokers, actuaries and the like. Demand for more and better office space has risen in the city centre as a result, relegating memories of office blocks peppered with "To Let" signs to yesterday.

Older, run-down areas remain in the city, but the Government's Central Manchester Development Corporation is working on that, with the full co-operation of the city council.

One of the most serious of these blighted areas is probably to the east, where the Manchester City Council has been seeking to promote small-scale revival schemes. The most encouraging factor has been

the emergence of some speculative housing development and the disclosure of plans by companies like Grand Metropolitan and Peel Holdings for speculative retail and commercial schemes.

But it is precisely areas like this which would be most quickly and worst afflicted if the regional economic revival was choked off by a combination

of factors backed away from projects and investors' confidence ebbed away.

That is one bad case scenario. Another springs from over-enthusiasm. This is the notion that the property market will respond too vigorously to the rise in demand for space and build itself into a surplus which in turn would lead to static rents and possibly slipping values.

The second may prove to be more a realistic projection than the first. It has happened before. Indeed those "To Let" signs which peppered the central city area only three years ago were at least partly the result of the fact that there was a surplus of space from the previous boom which had to be absorbed before rents started to move up.

So far, this over-supply has not emerged. There is a shortage of office space and rents have climbed as they have done elsewhere in Britain. But if all the plans to develop were actually carried to fruition, then the situation could change.

Equally, there is a shortage of suitable industrial space.

The key word here is "suitable." Manchester has a whole stock of large and ill-favoured premises available which do not fit in with the needs of an economy which is turning increasingly to light industry.

Again, there is a shortage of reclaimed land on which to build such premises, although there is plenty of derelict land.

The industrial and office sectors intersect at the point that developers like to find sites on which they can build premises suitable for general business use and therefore commanding rents higher than those for mere sheds. So the more vibrant the office sector, the tighter the squeeze on new industrial space.

But this comes back to the strength of the economic revival. Thus far, it has been the case that the demand for space in Manchester has been coming largely from local companies or from companies moving around and expanding within the region. This gives the property market an inherent strength.

The market will remain stable as long as it caters primarily to local and regional needs.

Once developers start believing that any vacant space will automatically be taken up by companies pressing to leave the South-East, they are probably in for trouble.

This is not to say that companies have not or will not relocate. It is to say that every UK regional centre now talks about the exodus from the South-East and the job of attraction is becoming more competitive. Also, surveys in the South-East show that most companies prefer to stay and expand where they are.

On the retail side, the market forces are rather different. Here the pressures for and against development are local. The interests of the city centre are set against those of outlying boroughs and so on. But the fact is that retail development has probably not been as strong in Manchester as in other regional centres.

This suggests that there is ground to be made up and that proposals in the pipeline for central developments will carry on, despite higher interest rates, simply because they will be catering for the situation in two or three years.

CONTENTS

The city centre merry-go-round; retail market; the South Partners in regeneration; residential market; industry 3

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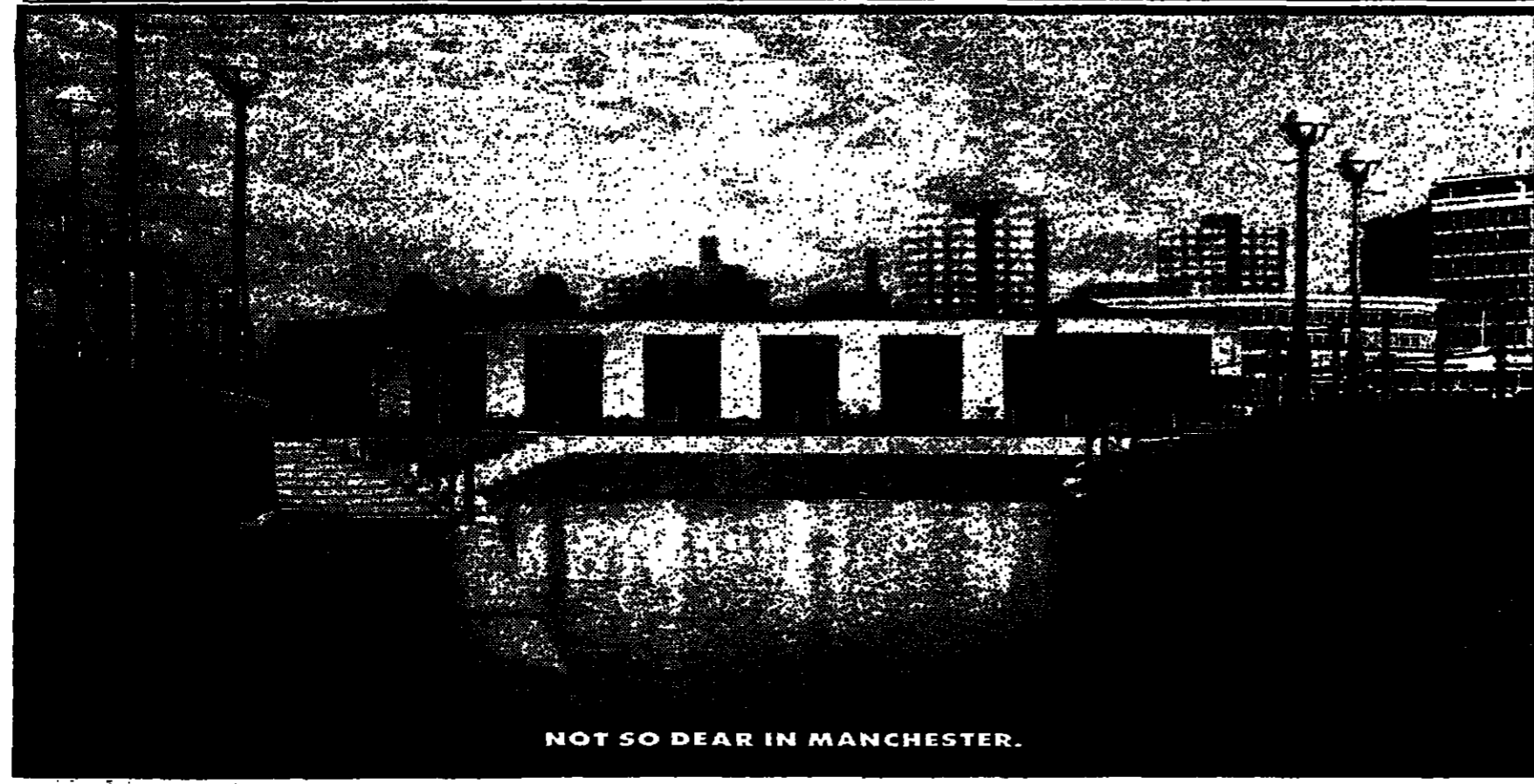
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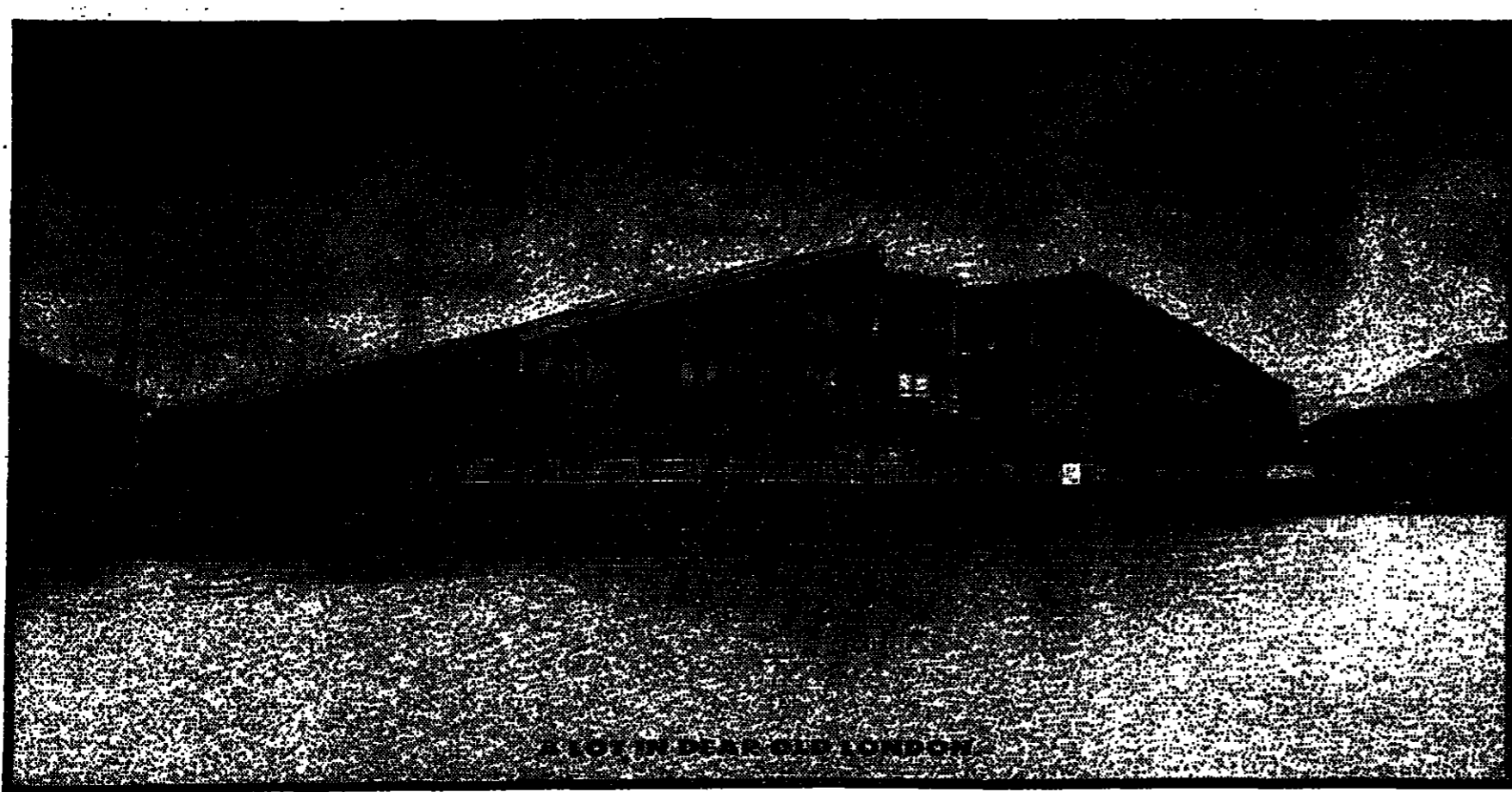


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NOT SO DEAR IN MANCHESTER.



PROPERTY in MANCHESTER 2

The city centre's map is being redrawn again

Merry-go-round gets under way

IN LITTLE more than 18 months Manchester's office scene has been transformed. Gut turns to famine as rents soar and cash-rich investors chase fresh opportunities. The city centre map is being redrawn once more, and this time it reflects expansion.

Within the square half mile, the traditional financial core, activity is held in check by existing tenancies, by listed facades and conservation areas, and by lack of sites. Any new-build tends to be redecoration of dated 1950s or 1960s blocks.

However the major chartered accountants, whose activities normally signal a merry-go-round at the top of the market, are on the move again. They, too, have grown with the times; they need more space, a higher office specification and, with increasing calls to service the region, adequate car parking. They are in the process of being drawn to the core's fringe, where they can negotiate a substantial pre-let on favourable terms.

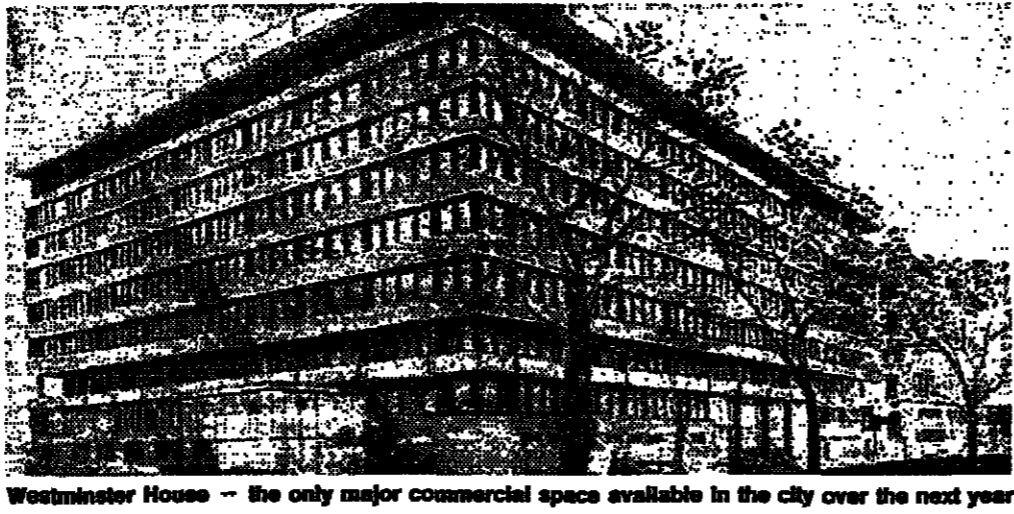
Coopers & Lybrand was the first off the mark, shifting across Portland Street to an area previously better known for its Victorian court house.

Another major firm is thought to be looking very seriously at a 70,000 sq ft infill site down Portland Street which has served as nondescript off-street car parking since the last war.

There is interest, too, in an as yet unbuilt 80,000 sq ft block on Albion Street, out beyond the GMEX exhibition centre. Albion Street is a few minutes from the dual carriageway leading to M56 and M6. It is also close to a station on the first Metrolink supertram line. Such moves take time. Meanwhile, this spring's action is itself a little off-centre. The former County Hall building facing Piccadilly Gardens is about to be reanchored after complete refurbishment by Parc Securities as Westminster House.

When the county council was disbanded in April 1986, pundits saw a dim future for this undistinguished 1970s eight-storey pile. The opposite has proved to be the case. As Parc is well aware, the 160,000 sq ft of Westminster House, due for completion in May, is the only new high-specification space becoming available in central Manchester during 1989.

Agents reckon that current



Westminster House - The only major commercial space available in the city over the next year

demand amounts to around 500,000 sq ft. Apart from Westminster House, a further 160,000 sq ft of "speculative" space is under construction at six city centre sites, several of which are also outside the traditional half-mile boundary.

In fact, there is little speculation involved in current deals. Most office buildings are expected to be substantially pre-let for at least the next 12 months. Barclays Bank, for example, has signed up the whole 47,000 sq ft of Citygate Court on Mosley Street months ahead of its expected completion, and the building has been bought by PostTel property services for £9.245m.

There is also confidence about 44 Peter Street, joined to no less a building than the Free Trade Hall, Peter Street has enjoyed varying fortunes in recent years, but is now sought after. The site became available through demolition of a 1950s predecessor, and the 26,000 sq ft block, due for completion in spring 1990, has a conservatively post-modern stone facade which respects, if it does not rival, its distinguished neighbour.

Grimley J R Eve, the agent for 44 Peter Street, is already inviting inquiries. Across the road, however, the former Albert Hall is a different proposition. Though listed, the building's fabric is in a poor state. City planners insist that any development - with a potential of 37,500 sq ft - must respect the eccentric contours of early 20th century Methodist enthusiasm. Heads are still being scratched at L&M Chesham, the developer, to meet these conditions.

Unlike the last office boom period in the 1960s, when important Victorian creations gave way to modern curtain-walling, Manchester City Council now has firm conservation policies. Planners know that older buildings, or at least their facades, are popular with users and visitors alike. Mr Stuart Shore, who heads the city's planning information group, points out that this time Manchester is working from a position of strength.

All the same, some interesting tussles lie ahead. Malvern Property recently lodged a planning application for a site on the corner of St James's Square and South King Street, involving demolition of three Georgian and early Victorian buildings in a conservation area. Malvern says that, after

six months' study, it came "reluctantly" to the conclusion that comprehensive redevelopment was the only solution for its £7.5m office scheme, offering 35,000 sq ft on five storeys. But there could be a strong reaction.

Another prickly issue is the former Skin Hospital on Quay Street, an Edwardian building which was sold by the regional

suggests, the ground rules are discussed and the alternatives explored long before schemes go to committee.

Investor participation in the Manchester property scene has been enlivened by the arrival of London companies to whom a few million pounds does not exactly strain the current account. And they can make handsome profits. For example, Peter House was bought early in 1988 by Old Park Lane Securities for £4.3m, some £900,000 above the 1987 asking price. Peter House is now expected to be "turned" or sold on, without refurbishment, for £8.5m.

But what of rental values? Prime office locations started 1988 at £9.50 a sq ft. Westminster House rentals will be from £10 upwards, depending on the amount of space taken. Barclays is thought to be paying £11.70 to occupy Citygate Court. Negotiation on Fiscal House, York Street, another substantial pre-let, is settled at £13.25. Agents talk about £15-£16 a sq ft by early 1990, and around £20 in 1992 when current known demands will have been met.

It is small beer by London standards, and a few months behind the Birmingham or Leeds markets. But yields on Manchester properties are at least comparable, and that is the key to investor confidence.

Some interesting development tussles lie ahead

Robert Waterhouse

SOUTHWARDS

The business park era

MANCHESTER is that rare city where the offices out of town are as expensive and valuable as those in the central city. Indeed, according to figures compiled by W.H. Robinson, chartered surveyors, the 1988 Manchester office take-up was split evenly between the inner and outer districts.

Traditionally, the out-of-town market has been to the south of the city, in the suburbs within very easy reach of the airport. But the emergence of Salford as a new centre has enlarged the area.

It covers an arc of smaller towns stretching from Salford to the south-west of Manchester round to Stockport with Wilmslow as the southernmost tip. And, as the market starts to expand, the boundaries will be drawn wider still if plans for business parks in towns like Macclesfield come to fruition.

Hitherto, the market has been based on a string of one-off and relatively modestly-sized developments, up to 40,000 sq ft, frequently produced by local companies like Swinton Goddard, Chestergate Seddon and Orbit Developments.

But this is likely to change in two ways. In the first place Salford has the space for an offices centre to grow so that it can act as a focal attraction in its own right. Hence the Manchester Ship Canal Company-G.R. Morris Construction joint venture to build a 77,000 sq ft complex called Quay West. Again, offices play a significant part in the 250,000 sq ft mixed development planned by Amec Properties - the Anchorage at the head of Dock 9.

Secondly, as Mr Tom Marshall, managing director of W.H. Robinson pointed out: "What is emerging is the business park, which I think will take over from these one-off developments." Certainly the financial climate is more propitious for such projects; even as

late as 1987 the institutions did not have much interest in Manchester property investment. Now they do.

Developers have been encouraged by the demand. This has been evident in the experience at Towers 2000, an Intercity Property Group business park at Didsbury, three miles south of the Manchester city centre. The first phase of three buildings has been pre-let to high technology companies.

Significantly, the development was originally planned on the basis of rents of £7.50 a sq ft. But the rents on the pre-lets have ranged from £9 to £12 a sq ft.

The strength of demand which has behind such rental increases has inevitably

The market is stronger than for a decade. Office take-up in the city topped 1m sq ft last year and the growth rate in rents is calculated to average 47.22 per cent

development could be released. Oddly, at the moment, there is little development around the airport, save for the "Talent" project, but it is in this area that the greatest pressure for development will come and, with that, pressure to relax the Green Belt. As Mr Marshall noted, "any motorway site within 15 minutes of the airport will benefit from the juxtaposition."

The weight of development is already considerable and, in Salford, the enterprise zone tax concessions run out at the end of 1991. If everything now planned at Salford and around the arc were to be built, there is little doubt that the market would be weakened.

For the present though, the market is stronger than it has been for a decade. The office take-up in Manchester - in and outside the city - topped 1m sq ft last year. Dunlop Heywood, chartered surveyors, calculated that while the average annual growth rate in rents between 1980 and 1988 was 12.34 per cent, the growth between the end of 1987 and 1988 was 47.22 per cent. The rents for the region were £12.5 a sq ft at the end of last year.

Yields vary, depending on the district. W.H. Robinson reported that the lowest proved yield in the city centre was 8.25 per cent and thus slightly narrower than 8.75 to 7 per cent prevailing for out-of-town office investment. At Salford, once the tax allowances have been stripped out yields have been around 7.5 per cent.

For the institutions, however, there is the slight problem that there has not been a great amount on the market to buy. So far they do not appear to have driven into the market in such a way as to drive down yields.

Paul Choeswright Property Correspondent

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THE GOVERNMENT'S measures to hold back consumer spending have not had the same effect in the North-West as they have in the South-East and, to all appearances, the retail property market is as strong as ever.

But there is just a slight tinge of apprehension. "The market is beginning to worry about where the tenants are going to come from. The basic ground rules are becoming important again," says Mr John Hockey, the retail specialist at Dunlop Heywood, chartered surveyors.

And those ground rules mean that developers do not project increases in rents. They need to work off what is happening in the market now. The latest new rents recorded by Dunlop Heywood in King Street, one of central Manchester's prime streets, are £120 a sq ft (Zone A), and, in Stockport, one of the UK's best retailing towns where Hamson has a centre, £160 a sq ft (Zone A).

There has, in fact, been little new development in the central city area, although the major stores have been undertaking their own refurbishment programmes.

Shopping has continued to be dominated by the Arndale centre, where tenant demand has been as strong as ever. Whether here, and elsewhere in the prime streets, this will change with an inevitably higher rates burden from next year, plus high service charges, remains to be seen.

There are two major city centre developments which could affect the future pattern of retailing. The first is the £20m Castle Quay, a 100,000 sq ft centre designed by Manchester Ship Canal Company to attract high income customers rather than low income visitors. Construction has started.

The second is that proposed for a site next to the G-Mex Exhibition Centre. There a partnership of Merlin Inter-

RETAIL MARKET

It's back to basics

ational and Central Station Properties, set up originally by Commercial Union and the former Greater Manchester Council, will build a festival shopping centre. But this is longer range. Planning and government subsidies have not yet been sorted out.

Manchester City Council has followed a planning policy designed to keep development in the city centre. It has therefore vigorously opposed the plethora of proposals for regional shopping centres outside. Decisions on that are

Paul Choeswright

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PROPERTY IN MANCHESTER 3

How the city's regeneration is taking shape

Partners seek a change of gear



Grain Wharf, Salford Quays, won a Lovell Group award for 1988

Manchester's attractions. Mr Alan McGarvey, managing director of Greater Manchester Economic Development, the agency created by the former county council, fears that cash-rich London institutions with "more money than sense" have arrived in the North-West. "They could easily come a time, he suggests, when over-supply starts to put downward pressures on rents. 'Fashion is pushing ahead faster than demand. We are concerned about what happens if the boom disappears.'"

In this context, the urban regeneration exercises well under way at Salford Quays and about to get into swing at Trafford Park have some relevance. Salford Quays is rapidly becoming an office city in its own right. Already there is over half a million square feet of office or BI (biotech) space in occupation, with a further 800,000 sq ft being built or scheduled for the coming year (including the first Trafford Park office). So far, space has let as it is completed, and office rents at Salford Quays are chasing those in central Manchester.

Whether Manchester's water frontage, its unique if murky river, canal and dock systems, can help generate a Balmes-type revival which permeates beyond mere office and housing complexes is a question which has filled many a seminar. The two development corporations, Central Manchester and Trafford Park, share Pomona Dock as part of their joint border, so the window of opportunity exists. A report for publication shortly points some very positive visions.

Half funded by the English Tourist Board, the report has been prepared by Mr Cy Paumier of the US consultants Land Design Research, specialists in waterfront regeneration. The ETB's commitment implicitly recognises Manchester's tourism and visitor potential.

Almost two years on from designation, Trafford Park Development Corporation is at last starting to show results. Mr Michael Shields, its chief executive, has moved cautiously via a series of consultants' reports while stitching together a 250-acre land package at the park's gateway, Trafford Wharfedale, a joint venture by Rosehaugh and Trafford Park Estates, will complement Salford Quays just across the water.

The other week Mr David Trippler, the Inner Cities Minister, cut the first sod for Quay West, a nine-storey, 77,000 sq ft office development. It represents the start of another satellite city due to bring over 3m sq ft of office and light industrial space to Trafford Wharfedale within seven or eight years.

Mr Shields also believes this can be done without flooding the market. Rosehaugh, he suggests, will be looking for pre-let and customised requirements. Talks are already well advanced with a number of potential clients, including relocations from the South-East.

More relevant, perhaps, to the daily workings of Trafford Park, the development corporation plans a rehabilitation of the Village area first built by Westinghouse amid the Park's industry for workers at today's GEC factory. Wimpey Property Holdings is the developers of Phase 1 which includes managed workshops and starter units.

Half of the development corporation's £167m budget is earmarked for strategic road schemes. The first priority is a new bridge across the Ship Canal to link into the M602 near Eccles; the second is a direct link to central Manchester avoiding Chester Road. The corporation also backs an extension of Metrolink, the supertram, through Trafford Park. This would branch from the line proposed for Salford Quays.

Put together, Trafford Park, Salford Quays and the Central Manchester Development Corporation area represent massive public investment in quarters previously better-known for decline and decay.

Robert Waterhouse

EARLIER THIS month, Manchester City Council and the Central Manchester Development Corporation launched a joint marketing initiative to promote an international concert hall as a new home for the Halle Orchestra and conversion of the Free Trade Hall into a state-of-the-art convention centre.

The proposal had been widely trailed. At this stage, before the market responds, interest revolves on the alliance it represents between the Labour-controlled city council and the Government-imposed development corporation. It is a relationship not many would have cared to predict 12 months ago.

More a marriage of convenience than a love match, the two bodies have nevertheless enjoyed a close relationship since the UDC was set up in June 1988. Although the development corporation has become the planning authority for the strip of land flanking the city centre's southern boundary, the council was chosen as the planning agent.

In practice, this means that city planners proceed exactly as before, except that the planning officer's recommendations go to the development corporation board rather than to planning committees. To date, such recommendations have proved 100 per cent acceptable. They include a complex procedure involving listed building consent on both exterior and interior of one of Manchester's best-known landmarks, the former Refuge Assurance Building on Oxford Street.

owns the Refuge, is proposing a multi-use business centre which opens the ground floor up to the general public for the first time. Backing from the development corporation should come in the form of city grant, justified by the estimated 1,500 new jobs in Skillion's proposal - which includes a hi-tech business park on land at the rear.

Skillion is not the only major developer "signed up" since the UDC came into being. Behind Piccadilly Station, 7.5 acres of mainly derelict land around the Rochdale and Ashton canal basins are being reclaimed for work to start on Avenue's 500m Manchester International Trade Centre. The project is tied into a 125-unit housing scheme called Piccadilly Village.

Similar proposals for this area have surfaced over the years, but it took the arrival of the UDC and the availability of £2m in city grant to get things finally moving. In the Whitworth Street corridor, quintessential Manchester warehouses are being converted into 325 flats for sale and rent by George Wimpey and Housing Projects, with city grant again providing a £5m pump primer for a £20m investment. More housing is scheduled to follow.

Mr John Glesler, the development corporation's chief executive, agrees that his organisation has been very busy in the interim - coinciding with the extensive buyout of Manchester city centre scene - and that much was happening any way. "Our arrival has served to stimulate more substantial and higher quality

The current residential scene

Realism welcomed back

MAJOR INSTITUTIONAL acquirers have changed the face of Manchester estate agency chains. The Halifax, the Prudential, Royal Life and Nationwide Anglia are much in evidence. Well-known local names like Healds retain their identity, but as part of wider groups. Many independents survive, but in an increasingly competitive market, writes Robert Waterhouse.

Not least because, after all the hectic activity of 1988, the flat market has been slow to start. At the top end, which in and around Manchester means anything over £100,000, there is not much confidence. Buyers are chary of paying 1989 prices which are already moving up to 10 per cent ahead of 1988. At the lower end, some locations, both south and north of the city, house prices almost doubled last year.

The "golden triangle" of Wilmslow, Knutsford and Hale is still jangling after the events of 1988. At the start of the year, anything over £200,000 represented a chain-

page sale; by November agents were looking towards £400,000 for substantial and secluded but still suburban homes in Bowdon or Hale.

Now, realism is returning to the market - and the smaller agents, perhaps able to give a more personal service, are not unhappy about it.

Mr Michael Thompson, formerly a director of Bridgford's, runs an agency in South Manchester that is allied to the solicitors Fisk Swain. He reports that houses are still moving, with this proviso: "Realistically priced, they sell, overpriced, they stick."

His Didsbury office is particularly busy. Didsbury prices jumped perhaps only 35 per cent last year, so the city's leather suburbs look reasonably good value compared with parts of Cheshire. A

detached house fetching more than £200,000 is still unusual, though Victorian and Edwardian semis can be priced around £150,000 and the two-bed terraced cottages of Didsbury Village, which escaped 1970s slum clearance only after residential protest, now sell for up to £200,000. Mr Thompson expects prices to increase by 5 to 10 per cent this year.

What, in this still volatile market, is a realistic valuation? Mrs Myra Neale, senior negotiator at Halifax Property Services in Altrincham, believes that it is simply the sum that buyers are prepared to pay. "There's nothing like the public to tell us what a property is worth. If it is overpriced we soon learn by the lack of interest shown. Last year, you could name a price.

That's no longer so."

Mr West expects to start trickling onto the market again around Easter. Mrs Denny Tommis, managing director of the Stockport-based firm Executive Relocation, which specialises in finding homes for clients coming into the area, says the trickle is already a flood.

Last year, Mrs Tommis says, convenience movers tended to shy away from the market for fear of having to pay "thousands more" for the house they bought than the one they sold. "It was dreadful for us. But now estate agents are chasing me. It's wonderful. We're in control!"

Under £250,000, however, business remains very brisk and houses often sell within a week. Parents of students are

increasingly opting to buy in for their offspring rather than pay the high rents of bedsit land. This applies even to Salford Quays, the waterside development where one-bed flats cost about £59,000.

Work in and around the Whitworth Street warehouses is also under way, with George Wimpey and Housing Projects qualifying for city grant to start the conversion process. Central Manchester Development Corporation estimates that some 1,000 flats will be built, though the city council believes it could be many more. Chinatown housing association flats have also created much interest.

The city council is concluding negotiations with Tay Homes of Leeds to build flats and semi-detached houses in East Manchester inner areas. Tay will receive city grants to build at Every Street, Ancoats, and Bell Crescent, Beswick, where its progress is bound to be studied by other developers.

Mr Steve Cranmer, Tay's urban renewal director, says his housing will go on the market at between £20-£32,000. "We are pioneers in East Manchester, and that means taking risks, but the formula has worked elsewhere and the city council has already proved to us they mean business." Other pioneers are needed, the Greater Manchester Economic Development Company says, to build full-blooded executive housing north of the city.

INDUSTRY

Eastern promise

THOUGH THE effect of high interest rates is beginning to unsettle business confidence in Greater Manchester, the industrial property market is still struggling to meet demand.

The city's historic dependence on heavy industry has left a legacy of inefficient, unclaimed sites which aggravate the shortage of attractive development land.

One trouble with so-called brown field sites is that history has often bequeathed a complicated ownership. For example, a 300-acre plot in Rochdale with excellent potential - and in an area which needs new jobs - has no fewer than 60 owners. Putting such a site together for marketing purposes is a problem.

economic Development, the agency supported by the 10 districts, inherited a portfolio of industrial land from the Greater Manchester Council which is now almost full up and is in the process of being sold on to tenants or investors.

Mr Alan McGarvey, GMED's managing director, sees his organisation as an enabler rather than a landlord. Its interests are moving towards area management. In other words, the firm that comes to GMED for development capital in advance of site relocation

could have needs coinciding with improvements elsewhere.

This may, or may not, help site assembly. From GMED's client-based vantage, Mr McGarvey sees property developers queering the pitch by snapping up available plots, applying for BI use (mixed office and hi-tech) then sitting tight to see what the market thinks. He maintains that the county's greatest need by far is for light manufacturing sheds of 10-40,000 sq ft.

GMED has commissioned Roger Tym and Partners, work-

ing with W.H. Robinson, to carry out a study which may substantiate its belief that the firms seeking 10-40,000 sq ft premises tend to be expanding local rather than relocating, and so more likely to be of lasting benefit to the North-West economy.

As it happens, brown field sites are coming up for offer at opposite ends of the conurbation. Trafford Park Development Corporation reports encouraging interest in the Northbank Industrial Park, the former Irlam Steelworks site, which is a self-contained offshoot of the corporation area. Negotiations are under way even before section one is complete, with 28 firms seeking to build premises at Irlam.

The 200-acre site has been largely derelict since British Steel pulled out 10 years ago, with the loss of 5,000 jobs. Mr Michael Shields, chief executive of the development corporation, expects about 1,000 jobs to be created.

East Manchester was also dominated by heavy industry, including steel. Manchester City Council, spurred by the realisation that it could soon out the area without surrendering planning powers to a development corporation, has been working away at the East Manchester Initiative for several years, using DoE inner city partnership grant aid.

In all, 25 small schemes represent a £29m investment in environmental improvement since 1982. Close to the city centre three industrial improvement areas have been declared. Residents, too, are benefiting from a £10m community refurbishment project in Miles Platting as well as 10 housing improvement areas.

There is a growing belief that East Manchester's time is about to come once more. Positive forces include its proximity to the city centre, the M66 Stockport-Denton route opening this spring whose funding through to the M62 at Heaton Park is now agreed.

The first substantial site likely to be marketed is 100 acres in the Bradford area, the former Manchester Steel, Richard Johnson & Nephew and British Gas complex. At around £50-60,000 an acre for industrial use (one tenth of the price asked to the south of the city), developers have already shown much interest.

Most of the action remains in the twin Salford and Trafford enterprise zones. After a downturn last year, sites are working towards 1991 and the conclusion of incentives with quality BI business park developments, letting at anything from £3.50 to £5 a sq ft.

There is plenty of interest in non-BI sites - for instance GMED's Bredbury estate, now all but sold on, saw land values doubling in a year. Yields are moving below 10 per cent, which should encourage investors to look beyond the usual areas. RW

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COMMODITIES AND AGRICULTURE

Opec dreams of things to come

Steven Butler reports from the oil ministers' conference in Vienna

REMARKABLE gentleness and moderation has infused almost everything said in public by the nine oil ministers from the Organisation of Petroleum Exporting Countries meeting in Vienna this week.

In the midst of a happy dream about high oil prices, they are evidently afraid of doing anything to cause a rude awakening.

The cartel's target price of \$18 a barrel for a basket of Opec crudes was exceeded by a cent on Tuesday morning, with one fully confident of why oil markets are so strong, it is evidently best to do nothing to disturb the situation.

Under the surface, of course, the organisation is still riven by deep divisions among its members.

Kuwait and the United Arab Emirates, as well as a few other members, are pushing for higher quotas. This move is sure to be resisted by countries which have already seen their share of Opec's total production significantly eroded by the last production agreement, reached in November after a bitter production war and a collapse of prices.

But as impressive as the divisions this week were, the order with which Opec's problems were being tackled, a factor which by itself has boosted confidence in the market.

Of course, prices may yet again collapse, later this year or next, as Opec countries battle among themselves for more market share.

Both Iran and Iraq are furiously adding new production capacity, and all Kuwait, the UAE and Saudi Arabia need to do is turn on the tap. To some extent Kuwait and the UAE have already done so.

Opec's eight-member Ministerial Monitoring Committee concluded its meeting in Vienna yesterday after what participants said was a full and frank exchange of views on the contentious issues facing the cartel, such as whether to raise the production ceiling and how to allocate quotas for the second half of the year. Co-operation with non-Opec oil producers was also discussed.

Sheikh Ali Khalifah al-Sabah, the Kuwaiti oil minister, said that the aim was to formulate recommendations to the full Opec ministerial conference in June, and that this goal would be pursued in further meetings among ministers in the weeks ahead.

Dr. Saifuddin, the Opec secretary general, said the ministers had received a telex message from Abu Dhabi, part of the United Arab Emirates, pledging that its production is being cut to 850,000 b/d, thus reducing the UAE's overproduction.

Industry observers estimated Abu Dhabi's production in February 1989 at 1.05m b/d out of a UAE total of 1.45m b/d.

The ministers appeared pleased with the atmosphere and outcome of the meeting, although evidently no recommendations were adopted.

Yet the outlook for Opec to become an effective cartel is improving because with oil consumption rising by about 1m barrels a day each year, after falling earlier in the decade, and non-Opec production not expected to increase significantly (before it eventually declines), time is on Opec's side.

This means that rather than struggling to divide pieces of a shrinking pie, Opec can potentially satisfy individual members' needs by special allocations from its increased share of the world market. Indeed, after a few years, only Venezuela, Saudi Arabia, the UAE, Kuwait, Iran and Iraq will have the production capacity to absorb this increased demand.

That is not to say that the battle to divide the spoils will be for oil producers and consumers, but rather that the situation may be less desperate than it occasionally has been in the past.

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Other meetings among ministers in the weeks ahead.

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Platinum price fix to have wider base

By Kenneth Gooding, Mining Correspondent

THE LONDON Platinum and Palladium Market will from Monday widen the basis for its twice-daily price fixings by involving eight instead of two organisations.

The system will involve telephone conferences at 9.45 am and 2 pm London time each working day to "fix" prices.

Mr Patrick Smith, chairman of the LPPM, said yesterday there had been growing demand over the past two years for a wider price fixing process because of the increasing interest in platinum and palladium.

The LPPM was established in June, 1987, and has nine full and 17 associate members. However, one of the key players in the market, Johnson Matthey, will not take part in the fixings because it is not a market maker.

The full members involved include the two which currently conduct a fix for the metal and Samuel Montagu - as well as Englehard Metals, Masse Westpac, Sharps Plixley and the London branches of Credit Suisse, Swiss Bank Corporation and Union Bank of Switzerland.

Mr Smith said the system also means that companies attempting to dig out as much material as possible to recover the gold as quickly as possible. They (the employees) are only invited in two things: working hard and earning as much money as they can get hold of in a hurry.

However, the system also results in a very high employee turnover, not only because many cannot put up with the pace or conditions for very long but also because an individual will quit as soon as the cash required for a particular personal project has been raised.

Consequently, the Australian mining industry needs to be able to attract women as well as men, even though it has now recovered most of the easy gold and will have to dig deep in future.

Golden girls strike it rich in Western Australia

Kenneth Gooding on changing faces in the mines

AFTER ONLY 15 months in Australia's gold mining industry Julie Graimes already qualifies for a footnote in its history.

One of the richest of the gold deposits recently discovered has been named after her because she happened to be in the right place at the right time.

Apart from anything else, her experience highlights the growing contribution women are making to mining in Australia, which has now abandoned all formal restrictions on women entering the industry.

Miss Graimes was one of a team of geologists helping to develop the Tuckabianna mine near Cue in the Murchison district of Western Australia.

The prospecting company, Australian, had already found a commercial gold deposit and was drilling in an adjacent area where it intended to put a tailings (waste) dam.

Miss Graimes was in charge of the team one day last June when, instead of coming up with barren rock, the drill struck gold.

That deposit, it turned out, held enough gold to supply an annual 100,000 troy ounces of the precious metal for about 10 years.

Her boss, Mr Mal Dickie, then senior exploration geologist, now senior mine geologist at Tuckabianna, decided the deposit should be called Julie's Reward.



Julie Graimes: discovered one of richest gold deposits

Send-shifted people working 12-hour shifts for 18 days continuously collect between A\$2,500 and A\$3,000 gross for the two-week period.

While on the mine site they pay only A\$50 a day for full board and lodging and the beer is cheap. Mr Gow says beer supplies are "limited to as much as you can drink."

Her routine is simple but demanding. She works a hard 12-hour shift, takes a short break for a drink to wind-down and then goes to bed.

She replaced another woman who decided to switch from the assay department to driving the huge trucks, capable of carrying 100 tonnes of material at a time, which are a feature at all open pit mines. She moved because the pay is even better.

Although the truck cabs are supposed to be sealed against the elements and the controls are power-assisted, it is still a dusty, noisy and sweaty job for the driver.

Even so, women make up a substantial minority of the truck drivers on the mine sides of Western Australia. They all want to make money quickly - at the Sons of Gwalia mine - at Leonora one woman-truck driver said she was saving for a fetal implant (test-tube baby), an expensive business in any part of the world.

could not hope to attract enough men or women without offering large cash inducements.

One mine manager suggested the system was ideal for companies attempting to dig out as much material as possible to recover the gold as quickly as possible.

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However, the system also results in a very high employee turnover, not only because many cannot put up with the pace or conditions for very long but also because an individual will quit as soon as the cash required for a particular personal project has been raised.

Consequently, the Australian mining industry needs to be able to attract women as well as men, even though it has now recovered most of the easy gold and will have to dig deep in future.

Ms Sandra Bailey, a senior mining engineer with CRA, believes that given time, women will become effective underground miners, although there will always be some heavy, non-mechanised mining work that will remain the domain of a select few people.

UK farmers prepare for changes to beef support

By Bridget Bloom, Agriculture Correspondent

A NEW scheme to support beef producers within the European Community, agreed last January as part of the reforms of the common agricultural policy, will be introduced at cattle markets and slaughter houses across the country from the start of the new year.

The scheme involves the introduction of a special beef premium to be paid at a flat rate of £28.42 a head on a maximum of 90 male animals for each producer.

In Britain it replaces the variable beef premium, and therefore represents a much bigger change than for other EC member states. The variable premium has operated to meet the difference between an

EC target price and the market price and can amount to as much as £50 an animal.

The new measure has been opposed by the British Government and by British producers, who have argued that the variable premium assured both the consumer and producer of beef a stable market at reasonable prices.

Although Britain has generally been in the vanguard of member states wanting to reform the CAP, in this case it has argued that the beef reform unfairly discriminates against the larger British beef producers, both by excluding

benefits from the payments and by limiting those payments to only 90 animals.

However, Britain found itself without allies at the January Farm Council which agreed the measure.

The European Commission in Brussels said that the reform will ultimately both reduce the current Ecu 2.4bn (£1.56bn) bill for the beef regime and provide some guaranteed income support for the majority of Europe's smaller beef producers.

The scheme in Britain will be operated by the Intervention Board for Agricultural Produce, the body which administers the CAP within the UK.

This week the board has circulated some 80,000 potential beneficiaries with details of the new scheme.

Producers have to register their holdings and can claim premiums at the point of sale, whether at a live-weight market or dead-weight centre. However, in Northern Ireland payments will be made on an "on-farm" basis.

It is estimated that the annual value of beef slaughtered in the UK is some £2.5bn, of which about 85 per cent is accounted for by beefers.

Officials reckon that about 85 per cent of the male animals offered for market will qualify for the new premium.

WORLD COMMODITIES PRICES

(Prices expressed by Assorted Metal Trading)

Table with columns: Commodity, Close, Previous, High/Low, AM Official, Karb close, Open Interest. Includes Aluminum, Copper, Tin, Lead, Zinc, Nickel, Silver, Gold, Platinum, Palladium, and various grades of oil.

Table with columns: Commodity, Close, Previous, High/Low. Includes Soybean Meal, Soybean Oil, Wheat, Corn, and other grains.

Table with columns: Commodity, Close, Previous, High/Low. Includes Rubber, Sugar, and other commodities.

Table with columns: Commodity, Close, Previous, High/Low. Includes various oil grades and other commodities.

Table with columns: Commodity, Close, Previous, High/Low. Includes various oil grades and other commodities.

Table with columns: Commodity, Close, Previous, High/Low. Includes various oil grades and other commodities.

US MARKETS

THE PRECIOUS metals tended to ease retreating continued bearish sentiment, but support was noted at lower levels and prices recovered towards unchanged on profit-taking, reports Dezel Burnham Lambert.

Copper eased in late trade with liquidation on the spot March contract. The energy complex continued nervous, steady following API statistics which were viewed as constructive for gasoline and which in turn added to strength in the crude oil.

However, technical selling at the day's highs held the advance. Sugar featured trade buying which touched off commission house stops as the market penetrated resistance levels.

Profit-taking at higher levels pared gains. Coffee rallied on speculative and chart buying with profit-taking and fund selling at the highs. The grains were quiet, on balance easing with profit-taking in otherwise lacklustre markets. Shortcovering in the meats raised prices.

Table with columns: Commodity, Close, Previous, High/Low. Includes Copper, Gold, Silver, and other metals.

Table with columns: Commodity, Close, Previous, High/Low. Includes Wheat, Corn, and other grains.

Table with columns: Commodity, Close, Previous, High/Low. Includes Rubber, Sugar, and other commodities.

Chicago

SOYBEAN 5,000 bu m/c; cents/100 bushel

Table with columns: Close, Previous, High/Low. Includes Soybean Meal, Soybean Oil, and other commodities.

Table with columns: Close, Previous, High/Low. Includes Wheat, Corn, and other grains.

Table with columns: Close, Previous, High/Low. Includes Rubber, Sugar, and other commodities.

Table with columns: Close, Previous, High/Low. Includes various oil grades and other commodities.

Table with columns: Close, Previous, High/Low. Includes various oil grades and other commodities.

Table with columns: Close, Previous, High/Low. Includes various oil grades and other commodities.

New York

GOLD 100 troy oz; \$/troy oz.

Table with columns: Close, Previous, High/Low. Includes Gold, Silver, and other metals.

Table with columns: Close, Previous, High/Low. Includes Wheat, Corn, and other grains.

Table with columns: Close, Previous, High/Low. Includes Rubber, Sugar, and other commodities.

Table with columns: Close, Previous, High/Low. Includes various oil grades and other commodities.

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London Markets

NICKEL PRICES continued to slide yesterday as chart-inspired selling triggered fresh stop-loss orders. The market steadied in the afternoon, mainly on buying by West German merchants (but had earlier been pressing prices), but at the close the cash price on the London Metal Exchange was still 4.00 down on the day at a 3 1/2-month low of \$15.150 a tonne.

Table with columns: Commodity, Close, Previous, High/Low. Includes Nickel, Copper, Tin, Lead, Zinc, and other metals.

Table with columns: Commodity, Close, Previous, High/Low. Includes Wheat, Corn, and other grains.

Table with columns: Commodity, Close, Previous, High/Low. Includes Rubber, Sugar, and other commodities.

Table with columns: Commodity, Close, Previous, High/Low. Includes various oil grades and other commodities.

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سازمان اسناد و کتابخانه ملی

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Main table containing unit trust information with columns for Unit Trust Name, Unit Price, and other financial details. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

Table containing FT Unit Trust Information Service data, including columns for fund names, managers, and performance metrics.

Table containing London Share Service data, including sections for British Funds, British Funds - Contd, Americans, Int. Bank and O'Seas, and Foreign Bonds & Rails.

Table containing Money Market Trust Funds and Money Market Bank Accounts data, including fund names, managers, and performance metrics.

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Table of Canadian share prices including companies like Alcan, Inco, and various banks.

BUILDING, TIMBER, ROADS

Table of share prices for building, timber, and roads sectors.

ELECTRICALS

Table of share prices for electrical companies.

ENGINEERING - Contd

Continuation of engineering share prices.

INDUSTRIALS (Misc.) - Contd

Continuation of industrial share prices.

INDUSTRIALS (Misc.) - Contd

Continuation of industrial share prices.

BANKS, HP & LEASING

Table of share prices for banks, hire purchase, and leasing companies.

CHEMICALS, PLASTICS

Table of share prices for chemicals and plastics companies.

FOOD, GROCERIES, ETC

Table of share prices for food, groceries, and related sectors.

Hire Purchase, Leasing, etc.

Table of share prices for hire purchase and leasing companies.

DRAPERY AND STORES

Table of share prices for drapery and stores companies.

HOTELS AND CATERERS

Table of share prices for hotels and caterers.

BUILDING, TIMBER, ROADS

Table of share prices for building, timber, and roads sectors.

ENGINEERING

Table of share prices for engineering companies.

INDUSTRIALS (Misc.)

Table of share prices for various industrial companies.

INSURANCES

Table of share prices for insurance companies.

LEISURE

Table of share prices for leisure companies.

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LEISURE - Contd

Table of share prices for Leisure companies, including titles like Leisure, Leisure, Leisure, etc.

PROPERTY

Table of share prices for Property companies, including titles like Property, Property, Property, etc.

TEXTILES - Contd

Table of share prices for Textiles companies, including titles like Textiles, Textiles, Textiles, etc.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, and Land companies, including titles like Trusts, Finance, Land, etc.

OIL AND GAS - Contd

Table of share prices for Oil and Gas companies, including titles like Oil, Gas, Oil, etc.

MINES - Contd

Table of share prices for Mines companies, including titles like Mines, Mines, Mines, etc.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors and Aircraft Trades companies, including titles like Motors, Aircraft, Motors, etc.

TOBACCO

Table of share prices for Tobacco companies, including titles like Tobacco, Tobacco, Tobacco, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, and Land companies, including titles like Trusts, Finance, Land, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders companies, including titles like Overseas, Overseas, Overseas, etc.

PLANTATIONS

Table of share prices for Plantations companies, including titles like Plantations, Plantations, Plantations, etc.

MISCELLANEOUS

Table of share prices for Miscellaneous companies, including titles like Miscellaneous, Miscellaneous, Miscellaneous, etc.

COMMERCIAL VEHICLES

Table of share prices for Commercial Vehicles companies, including titles like Commercial, Commercial, Commercial, etc.

INVESTMENT TRUSTS

Table of share prices for Investment Trusts companies, including titles like Investment, Investment, Investment, etc.

FINANCE, LAND, ETC

Table of share prices for Finance, Land, and other companies, including titles like Finance, Land, etc.

MINES

Table of share prices for Mines companies, including titles like Mines, Mines, Mines, etc.

MINES

Table of share prices for Mines companies, including titles like Mines, Mines, Mines, etc.

THIRD MARKET

Table of share prices for Third Market companies, including titles like Third, Third, Third, etc.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers and Publishers companies, including titles like Newspapers, Publishers, Newspapers, etc.

SHIPPING

Table of share prices for Shipping companies, including titles like Shipping, Shipping, Shipping, etc.

SHOES AND LEATHER

Table of share prices for Shoes and Leather companies, including titles like Shoes, Leather, Shoes, etc.

OIL AND GAS

Table of share prices for Oil and Gas companies, including titles like Oil, Gas, Oil, etc.

MINES

Table of share prices for Mines companies, including titles like Mines, Mines, Mines, etc.

REGIONAL & IRISH STOCKS

Table of share prices for Regional and Irish Stocks, including titles like Regional, Irish, Regional, etc.

PAPER PRINTING, ADVERTISING

Table of share prices for Paper Printing and Advertising companies, including titles like Paper, Advertising, Paper, etc.

SOUTH AFRICANS

Table of share prices for South African companies, including titles like South, South, South, etc.

TEXTILES

Table of share prices for Textiles companies, including titles like Textiles, Textiles, Textiles, etc.

OIL AND GAS

Table of share prices for Oil and Gas companies, including titles like Oil, Gas, Oil, etc.

MINES

Table of share prices for Mines companies, including titles like Mines, Mines, Mines, etc.

TRADITIONAL OPTIONS

Table of share prices for Traditional Options, including titles like Traditional, Traditional, Traditional, etc.

Small text at the bottom of the page providing additional information and disclaimers.

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WORLD STOCK MARKETS

AUSTRIA table with columns for stock names and prices.

FRANCE (continued) table with columns for stock names and prices.

GERMANY (continued) table with columns for stock names and prices.

ITALY (continued) table with columns for stock names and prices.

SWITZERLAND table with columns for stock names and prices.

CANADA

Large table for CANADA stock markets, including TORONTO 2pm prices March 30 and various stock listings.

NEW ZEALAND table with columns for stock names and prices.

FRANCE (continued) table with columns for stock names and prices.

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INDICES

Table showing various stock indices including DOW JONES, NEW YORK, SOUTH AFRICA, and others.

CANADA

Table showing CANADA stock market data including Toronto and Montreal indices.

NEW YORK ACTIVE STOCKS

Table listing active stocks in New York with columns for stock names, prices, and changes.

TOKYO - Most Active Stocks

Table listing most active stocks in Tokyo with columns for stock names, prices, and changes.

ON BUSINESS IN LUXEMBOURG?

Text advertisement for business in Luxembourg, mentioning Hotel Cravat and Hotel President.

Have your F.T. hand delivered in The Netherlands

Text advertisement for F.T. magazine delivery in the Netherlands.

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NYSE COMPOSITE PRICES

OVER-THE-COUNTER

Nasdaq national market, 2pm prices March 30

Main table of NYSE Composite Prices, listing various stocks with columns for 12 Month High/Low, Dividend Yield, and Change from Previous Page.

Main table of Over-the-Counter prices, listing various stocks with columns for 12 Month High/Low, Dividend Yield, and Change from Previous Page.

Notes and footnotes regarding the data presented in the tables, including information about dividend yields and price changes.

AMEX COMPOSITE PRICES

3pm prices March 29

Table of AMEX Composite Prices, listing various stocks with columns for 12 Month High/Low, Dividend Yield, and Change from Previous Page.

Advertisement for 'Travelling on Business?' featuring the Financial Times logo and text about complimentary copies of the newspaper.

Advertisement for 'Travelling by air on business?' featuring the Financial Times logo and text about complimentary copies of the newspaper.

Large advertisement for 'Travelling by air on business?' featuring the Financial Times logo, contact information for Lisbon & Porto, and a phone number.

AMERICA

Dollar decline brings run of Dow gains to a halt

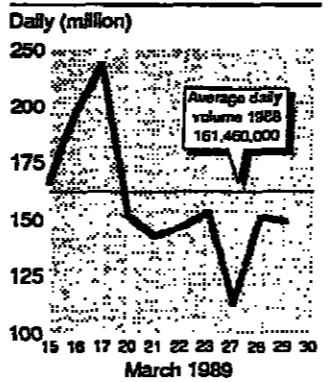
Wall Street

A SMALL decline in the dollar and a reaction to three daily gains this week sent stocks modestly lower yesterday, writes Janet Bush in New York. At 1 pm, the Dow Jones Industrial Average was quoted 2,011 points lower at 2,979.51 on very low volume of 67m shares. In spite of its run of gains this week, volume has been light, with activity concentrated in stocks attracting takeover speculation or involved in bids or merger plans. Volume has also been boosted by active programme trading, reflecting some volatility in the futures market. There has been some support for the market from increased bid activity and from some end-of-quarter buying, but interest has not been broadly based. The highest daily volume total this week was on Tuesday and that was only 146.4m shares. There have been a number of economic releases this week

which have suggested that sectors of the economy are slowing. February leading indicators dropped 0.3 per cent, new single family home sales fell 8.4 per cent and factory orders declined by 2.3 per cent in figures reported yesterday - a larger drop than expected. These releases have ensured a positive undertone in both stocks and bonds, but have not been nearly as important an influence on either market as the dollar. In spite of the larger-than-expected decline in factory orders, the trend for both stocks and bonds yesterday was downwards, because the dollar was trading off its higher. Higher crude oil prices were also a drag. At mid-session, the US currency was quoted at Y132.75 compared with an earlier high of Y132.25, partly reflecting a remark by a senior official of the Bank of Japan who expressed concern about the high level of the dollar. The US currency was more resilient against the West German D-Mark, trading at DM1.8935 compared with an earlier low

of DM1.8947. There are several reasons for the equity market to turn cautious. First, the lack of broad demand and volume is a warning signal. Second, the positive influence of the end of the quarter and the beginning of the Japanese fiscal year, which has apparently prompted a resurgence in inflows from Tokyo into US markets, will probably start to fade. Third, the Group of Seven meets in Washington next week and, although little substantial news is expected, markets will be on the defensive. Fourth, there is a fundamental concern that, although the economy may indeed be slowing, inflation is already built into the system and markets could find themselves starting at an economic slowdown accompanied by higher inflation later this year. Among featured stocks was Genentech, which fell 3 1/4% to \$17.75 after a New Zealand report found that its new drug for dissolving blood clots in heart attack victims was no more effective than an already

NYSE volume



established drug marketed by SmithKline Beckman. Smith-Kline added 5% to \$55. Sears, Roebuck added 5% to \$43.75 after the retailer announced a management reorganisation and the elimination of 800 jobs. Sun State Saving & Loan dropped 2 1/2% to \$24.50 after over-the-counter trading to \$24.

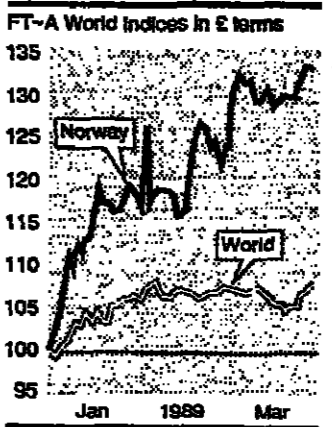
Canada: FEARS of higher inflation and tighter credit left Toronto mixed at midday in dull trading. Gold shares recovered some of the ground lost recently. The composite index fell 7.3 to 3,553.6. Turnover remained thin with 9.2m shares traded.

Oslo's bourse scales further peaks

Karen Fossli on the latest tax relief and equity investment plans

PROBABLY the last thing that Norwegian brokers want to think about as they sit snugly in their winter cabins during the traditional two-week spring holiday is yet another report on the possible liberalisation of Norway's capital markets. Away from Oslo, they have left stock market which has risen by 30 per cent this year, making it the world's best performer in the FT-Actuaries World Indices. The local all-share index yesterday hit an all-time high of 443.34, compared with the previous record of 442.44 on September 23 1987. Further gains could lie in store. Increased tax relief obtained through equity investments and a higher ceiling on insurance and pension fund investments in shares are both recent proposals that could boost liquidity and Oslo stock prices if implemented. At the very least they should improve sentiment towards the small Scandinavian bourse. The Bergo Committee - an ad hoc group appointed last October by the minority Labour Government to identify measures that would encourage the supply of venture capi-

tal to companies - has delivered part two of its report. Part one was published last November and inspired the Government to suspend, for at least one year, a 1 per cent turnover tax on equity dealings. This will be reviewed in November. The second part of the report recommends extending tax relief for savings put into equity investment from Nkr3,000 (\$473) to Nkr5,000 for individual investors and from Nkr6,000 to Nkr10,000 for married couples. It says insurance companies' limit on equity investments should be raised to 25 per cent of their total capital from 12 per cent, while commercial and savings banks' limits should rise to 4 per cent from 2 per cent. An increased limit on investment by pension funds was also recommended, although no ceiling was stipulated. They can currently invest up to 20 per cent of their total capital. The suggestions have received a warm reception from brokers, who believe they will have a psychological effect on the market. On the whole, the proposals are seen as largely symbolic and, in some



insurance companies to increase the percentage of their equity investments, this could be helpful, but they have yet to reach their current limit. Insurance companies are estimated to have between and 3 per cent of their capital invested in equities. Bank meanwhile, have remained cautious about rebuilding their equity portfolios after the beating they took in the 1987 crash. Some brokers believe, however, that the proposals offer a window of opportunity for foreigners - before Norwegian suggestions. With domestic analysts are recommending that overseas investors buy into Norway before prices are driven up by local enthusiasm. At least two UK unit trusts, Fidelity and GT Management, have boosted the Norwegian weighting in their European portfolios. According to Carnegie International, the London-based stockbroker, Fidelity (European Trust) has increased its Norwegian weighting to 18 per cent from 16.6 per cent at the end of January. GT's European Unit weighting has risen to 16 per cent from 12 per cent.

ASIA PACIFIC

Individual investors lift Nikkei to another high

Tokyo

THE STAGGERING rise of more than 1,200 points in the past two days failed to cool investors' interest yesterday and share prices climbed to another record high, writes Michio Nakamoto in Tokyo. The Nikkei average suffered a modest drop during the day but later recouped its losses to close up 88.58 at a record 32,854. The high for the day was 32,912.82, while the low was 32,656.76. Advances led declines by 507 to 397, with 143 issues unchanged. Turnover, at 1.46bn shares, was modestly higher than the 1.35bn traded on Wednesday. The Topix index of all finance shares advanced 8.64 to 2,456.23 and, in London trading, the ISE/Nikkei 50 index added 2.53 to 1,979.62. Activity in Tokyo came mainly from individual investors and dealers, with only sporadic participation by institutions. The impressive strength on Tuesday and Wednesday was also supported mainly by individuals and dealers, leading many analysts to question the market's ability to sustain its recent gains. "We think there is a fair bit of year-end and start-of-the-year dressing up," said Mr George Nimmo of SECT Securities (Asia). According to the cautious view of the market, the recent sharp rise has in part been due to a shortage of stock available to trade, as institutional investors have not been taking an active part. Even relatively small buy orders, therefore, have had a substantial effect on price movements. Once the window-dressing activity dies down, the bears say, inflation worries are bound to resurface. Negative factors, both political and economic, have not improved.

gone too far, given that there had been no change in economic fundamentals. Politically, the Recruit share sale remains the biggest concern, as it contains the possibility of further troubles for the Government. The more optimistic view is that the energy that has been released into the market by individual investors will encourage institutions to join in and lead to a market supported by broader-based demand. Moreover, while the negative factors have not disappeared, neither have they worsened. Individuals, at least, appeared to take the optimistic view. In mid-day trading, rumours spread that the Ministry of Finance concerned about the market's sharp rise, had asked to see the deals that brokers had done on their own accounts. The quick drop in share prices that followed was nevertheless seen as an opportunity to buy. Chemicals were widely selected, with six companies appearing on the list of the 10 most actively traded issues. Mitsui Toatsu topped the most active list, with 60.7m shares traded, and gained Y100 to Y1,140. Mitsubishi Petrochemical followed with 43.7m shares, rising Y130 to Y1,890. Denki Kagaku was third with 34.8m shares and advanced Y6 to Y1,050. Mitsui Petrochemical also rose Y180 to Y1,980 in active trading. Chemicals were popular as laggards that also stand to benefit from greater infrastructural investment. Nonferrous metals were popular as inflation-hedging issues. Price rises in copper, zinc and other metals also raised investors' expectations that nonferrous metal companies would increase profits.

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EUROPE

Deutsche Bank results encourage Frankfurt

TRADING in Europe suffered from a lack of focus, but corporate news and selective buying helped some bourses make steady gains, writes Our Markets Staff. FRANKFURT was dominated by better than expected results from Deutsche Bank which helped prices to rise from pre-bourse trading onwards. The FAZ index at mid-session was up 2.98 at 552.12 and the DAX index closed 6.21 higher at 1,315.47. Turnover remained low at DM2.44bn, although the highest so far this week. Deutsche Bank closed DM6.50 better at DM514 in the day's second most active trading after reporting a rise in group partial operating profits to DM3.1bn from DM2.78bn in 1987. Other blue chips were firm, although one analyst commented that "it would be premature to say that another rally is underway." There was caution about the Group of Seven meeting this weekend, and next week's Bundesbank council meeting. Steel and engineering stocks were popular again, with Thyssen topping the actives list and rising DM3.90 to DM228. In cars, BMW powered ahead with a DM4.50 rise to DM315.50. As a big dollar earner, it has been benefiting from the strength of the US currency. The stock has been caught in a narrow trading range for the past few months. Porsche, on the other hand, appeared to disappoint the market with its rise in interim profits, and the stock lost DM5 to DM715 in thin trading. VIENNA rose to an all-time high as strong demand for the country's leading bank Creditanstalt set the bourse alight. The Vienna bourse index added 1.11 to 297.35. Creditanstalt surged S290 to S287.40, a gain of 0.8 per cent, on healthy overseas demand, reportedly from the UK, Germany and Switzerland. The bank - which represents about 15 per cent of the bourse's total capitalisation - had underperformed for about a year and was now being recommended by both domestic and foreign brokers, said one analyst. The market saw selective profit-taking elsewhere, having outperformed most

world stock markets over the past few weeks. PARIS gave up all of its early gains and ended in the red as interest faltered in late trading, knocked by Wall Street's early weakness. Certain stocks stood out - helped by healthy results and a few rumours - but the bourse ended about 0.1 per cent lower. The CAC 40 index shed 3.7 to 1,640.2 and the OMF 50 eased 0.83 to 463.44. Volume was estimated at a thin FF1.3bn. Matra put in the best performance, scoring a rise of 5.5 per cent - up FF14 at FF269 - on speculation that the electronics group would sell its loss-making football team after it was knocked out of the French national cup. The team costs Matra about FF80m a year compared with the group's annual profits of about FF900m. Faribas, the financial issue, rose FF13.30 to FF474.80, reporting a 53 per cent jump in

1988 earnings, slightly better than expected. Elf Aquitaine was meanwhile marked down FF7.50 to FF446.50 on consideration of its FF1.3bn capital raising programme which one analyst said would be slightly dilutive. AMSTERDAM was buoyed by selective gains as turnover jumped further to Fl 640m from Wednesday's Fl 502m. The CBS tendency index rose 1.20 to 172.5. Steelmaker Hoogovens climbed sharply after its strong results on Wednesday, adding Fl 3.90, or 4.5 per cent, to Fl 91.10 in high turnover of 720,000 shares worth Fl 65m. Transport stock Nedlloyd was also a feature, climbing Fl 6.30 to Fl 331.50 on good volume following a court judgement of a prosecutor's case against the company's 1987 accounts, which involved a large write-off on assets. There was also continued takeover speculation surrounding the stock,

which is fairly thinly traded and liable to rapid moves. Machine tool maker VMF Stork rose Fl 1 to Fl 33.10 on talk of a takeover, possibly by a West German company, while distiller Bols added Fl 3.50 to Fl 137 after its increase in profits and unexpected dividend rise. ZURICH was quiet with few features and the Credit Suisse index eased 0.2 to 539.4. Brown Boveri registered shares were firm before today's results from Asea Brown Boveri. They rose SF20 to SF645 while the bearers lost SF15 to SF13,181. Ascom bearers dropped SF100 to SF4,700 in response to news of its capital raising plans announced late on Wednesday. MADRID firmed further, with the general index adding 0.68 to 280.38. Mapfre, the insurance group, jumped 60 points to 1,655 of par and Citreon climbed 94 to 1,300. MILAN ended unchanged in

fairly quiet trading, with interest focusing on a handful of blue chips. The Comit index was up 0.16 at 608.92. Pirelli climbed L11 to L3,210 and later climbed to L3,245 on news of a \$100m cable contract from the New York Power Authority. Fiat was fixed little changed but rose L40 to L9,420 after hours, while Insurer Ras, which has performed duly in recent weeks, gained L810 to L31,800 before easing back slightly after hours. STOCKHOLM benefited from high expectations from Asea Brown Boveri's results today, and gained ground, with the ABB-störindex up 1.5 to 1,130.9. ABB firm B shares rose SKr3 to SKr458. BRUSSELS was helped higher by continued interest in steelmaker Arbed, which put on another BF130 to BF75,688.37, with buying inspired by news of good results from Hoogovens of Amsterdam.

SOUTH AFRICA

TRADING was lacklustre after Wednesday's fall, but the steady bullish price helped gold shares off lows. Vaal Reef's firming to R247.50

Hong Leong Finance and Singapore Finance reported higher profits and proposed bonus issues. The former rose 12 cents to S83.52 while the latter was unchanged at S82.07. OCB was also steady, closing at S88.75, after news of 26 per cent higher annual profits.

Among golds, North Flinder Mines fell 30 cents to A\$1.90, Nigral Mining dropped 16 cents to A\$3.90 and Whim Creek fell 11 cents to A\$2.35. SINGAPORE fell back after three consecutive rises but ended above the day's lows on late demand. The Straits Times industrial index lost 3.83 to 1,190.80 and turnover fell to 82.7m shares from 94.6m on Wednesday. Singapore Land led the way lower, giving up 20 cents to S\$10.40. Haw Par fell 12 cents to S\$3.32.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for National and Regional Markets, Wednesday March 29 1989, Tuesday March 28 1989, and Dollar Index. Rows list various countries and indices like Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Nordic, Pacific Basin, Euro-Pacific, North America, Pacific Ex, World Ex, World Ex. So. Af., and The World Index.

NOTICE OF REDEMPTION

To the Holders of UNITED KINGDOM Fifteen Year 8 3/4% Bonds Due 1993

Table listing Outstanding Bearer Bonds of \$5,000 called in full and Outstanding Registered Bonds called in full or part as stated. Columns include Bond Number, Principal Amount to be Redeemed, and Principal Amount to be Redeemed.

Payment will be made on May 1, 1989 for the bearer Bonds selected for redemption upon presentation and surrender of said Bonds with coupons due November 1, 1989 and subsequent coupons attached at the main offices of the Fiscal Agent in London and the Bank of England in London. No payment on any bearer Bond will be made at the Corporate Trust Office of the Fiscal Agent or any Paying Agent in the United States, nor, except as otherwise permitted by U.S. Treasury Regulations without adverse tax consequences, will any payment be made by Coupons due May 1, 1989 should be detached and collected in the usual manner. Payment will be made on May 1, 1989 for the portion of the registered Bonds selected for redemption upon presentation and surrender of said Bonds at the Corporate Trust Office of the Fiscal Agent, 30 West Broadway, New York, New York 10015 or at the above-mentioned offices. The holder of a registered Bond, a portion of which has been selected for redemption, shall upon equal to the portion thereof not selected for redemption. Payment of registered principal amount due May 1, 1989 will be made to the registered holders by check in the usual manner. On and after May 1, 1989 interest shall cease to accrue on the Bonds or portions thereof herein designated for redemption. Payments at the office of any Paying Agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury that the payee's taxpayer identification number (employer identification number or social security number, as appropriate), those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment. It is suggested that each holder consult his own tax advisor concerning his particular tax situation.

THE LORDS COMMISSIONERS OF HER MAJESTY'S TREASURY

Dated: March 31, 1989

The following Bonds each bearing the following distinctive numbers previously called for redemption have not as yet been presented for payment:

Table listing Outstanding Registered Bonds called in full or part as stated. Columns include Bond Number, Principal Amount to be Redeemed, and Principal Amount to be Redeemed.

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